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UNITED STATES DEPARTMENT OF AGRICULTURE
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TRADE BETWEEN THE UNITED STATES AND CANADA
IN
FRESH FRUITS AND VEGETABLES
AND THE
EFFECTS OF THE TRADE AGREEMENTS

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TRADE BETWEEN THE UNITED STATES AND CANADA
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Summary and Conclusions

During the past 15 years, the United States has supplied more than 80 percent of the fresh fruits and vegetables imported into Canada. The major portion of this movement has consisted of shipments of commodities which are not produced in Canada or those which can be shipped at a time when similar Canadian products are not available. Canada has been the most important market for American exports of fresh citrus fruits, grapes, certain berries, and minor fruits and practically all exports of fresh vegetables. With the loss, as a result of the War, of European markets, Canada remains at this time the only major outlet for American fruit and vegetable exports. In turn, Canada is the leading supplier of a number of fruit and vegetable items imported into the United States.

This study presents an analysis of the trade between the United States and Canada in fresh fruits and vegetables for the 15 years, 1925-1939, from the points of view of: (a) the value and volume of the trade; (b) participation of the various States in United States exports; (c) United States producing sections affected by imports from Canada; (d) tariff policy; and (e) significance of duty reductions in the trade agreements of 1936 and 1939.

The scope of the report has been limited to an examination of the trade in fresh fruits and vegetables, partly because the trade in processed fruits and vegetables is relatively minor and partly because concessions in the trade agreements were chiefly on fresh items. Consideration of such subjects as general tariff policy likewise has been limited to examination of their application to the trade in the fresh commodities.

Of total United States exports of fresh fruits and vegetables to Canada, which in the 5 years, 1935-1939, averaged 15.6 million U. S. dollars, 73 percent consisted of fruit. Of the fruit total, citrus fruits amounted to nearly 70 percent, oranges accounting for 50 percent, lemons for 10, and grapefruit for more than 9 percent. Fresh grapes constituted the largest noncitrus fruit item in this period, followed by pears and strawberries. Lettuce, tomatoes, celery, carrots, and potatoes were the leading vegetables exported by the United States.

Estimates designed to show approximately the share which the various States in the United States have had in the Canadian market indicate that 42 States participate in the trade, with 6 States - California, Florida, Texas, Arizona, Washington, and Louisiana - providing the bulk of shipments. Generally speaking, the major portion of American exports originate in the States in the southern half of this country, which have climatic conditions and growing seasons quite dissimilar to those prevailing in Canada. For this reason, these southern States are able to ship produce which either cannot be grown in Canada, such as citrus fruits, or can be shipped at a time of the year when similar

Canadian produce is not available, as in the case of winter and spring vegetables and fruits. Thus, the major part of American fresh fruit and vegetable exports to Canada may be said to be complementary to Canadian production.

The more northern States, which market produce similar to commodities grown in Canada shortly before or during the period of the year when Canadian production is being marketed, are handicapped in that the low prices of Canadian produce together with the Canadian system of seasonal protection restrict imports at that time.

Canadian exports of fresh fruits and vegetables to the United States, averaging 2.2 million dollars in the most recent 5-year period, consisted largely of vegetables. As a group, vegetable products constituted 85 percent of the total, consisting chiefly of potatoes and rutabagas. Berries accounted for 85 percent of total fruit shipments, with minor quantities of apples also included. Apple exports, however, increased substantially in 1940.

Canadian rutabagas, it is estimated, provide about two-fifths of the United States annual commercial supply. This item, which is of a high quality, a large portion being washed and waxed, usually brings higher prices in United States markets than rutabagas of domestic origin. Imports of seed potatoes from Canada are largely used in the South which produces few potatoes for seed purposes. Arrivals of Canadian table stock represent only a very small portion of United States production and consumption, and the trade is mostly the result of local conditions near the border. Imports of Canadian blueberries (fresh and frozen)

account for about one-fourth of the total United States commercial supply. Arrivals of Canadian apples are usually very small. Even the abnormally heavy volume imported in 1940 amounted to only one-half of 1 percent of the 1940 United States commercial crop.

The value and volume of the fruit and vegetable trade between the United States and Canada were at a high level during the 1920's but dropped substantially after 1930 as the depression deepened and protection in both countries was intensified. United States exports averaged over 22 million dollars between 1925 and 1930 and fell to a low of 9.3 millions in 1933. Beginning in 1936, the value and volume of this trade increased substantially, averaging 16.4 million dollars annually in the period 1936-1939, compared with an average of 11.1 millions in the 1932-1935 period. On the other side, Canadian fruit and vegetable exports to the United States averaged nearly 6 million dollars yearly between 1925 and 1931 but after 1930 dropped severely, amounting to only 1.3 millions in 1932. Exports continued at a low level through 1935 reaching the low of 1.1 millions in that year. In the next several years they recovered and averaged 2.5 millions yearly in the period 1936-1939, an increase of more than 50 percent above the average of the 1932-1935 period. The trade level of recent years, however, has not been as high as in the pre-depression period so far as value is concerned, although the quantities in several instances have considerably exceeded the volume shipped in the 1920's.

The trade agreements of 1936 and 1939, in which substantial reductions in import charges by both countries first became effective on January 1, 1936, contributed to the recovery of the trade in both directions.

This conclusion is drawn from the fact that: (a) the United States-Canadian trade in fresh fruit and vegetables declined heavily in the early 1930's under depression conditions and high import charges; and (b) the trade increased in the recovery period of the later 1930's, under the lower import charges established in the trade agreements.

It is impossible to measure with precision the extent of the trade increase directly attributable to reductions in duties and other import charges. The trade in most of the items under consideration is confined almost exclusively to the United States and Canada, which precludes effective comparisons with trade in those items between the United States and nonagreement countries. Some increase in trade would logically follow the increased consumer buying power associated with industrial recovery in both the United States and Canada. (See chart p. 36) There is evidence, however, that the substantial expansion in the movement of items affected by the 1936 agreement resulted at least partially from the concessions granted, and that the 1939 agreement accelerated this expansion.

The Value and Quantity of the Trade

American fresh fruit and vegetable shipments to Canada (excluding bananas) averaged 17.5 million United States dollars annually during the past 15 years, 1925-1939. ^{1/} This trade averaged over 22 million dollars in the 1925-1929 period and dropped to an average of 14.5 millions in the next 5 years, (1930-1934). The low year was 1933 when the total was but 9.3 millions. In the 1935-1939 period the annual average recovered to 15.6 millions. The first United States-Canadian trade agreement became effective January 1, 1936.

Around 13 million dollars, or 77 percent of the total, consisted of fresh fruit shipments (excluding bananas) during the 15-year period, 1925-1939. The three citrus fruits, oranges, grapefruit, and lemons - which are not produced in Canada - accounted for the major portion of Canadian fruit imports from the United States, while lettuce, tomatoes, and potatoes were the major vegetable items purchased by Canada. Lower prices after 1930, rather than a reduced volume of trade, were chiefly responsible for the lower total values that developed during the depression years.

Canadian exports of fresh fruits and vegetables to the United States have averaged nearly 4 million United States dollars annually for the same period. Annual value averaged more than 6.3 million dollars between 1925 and 1930. By 1932 the value of exports amounted to only 1.3 million dollars. In the period 1936-1939, the average had recovered to 2.5 millions, compared with only 1.6 millions annually in the 1932-1935 period. Fresh vegetable items, particularly potatoes and rutabagas, usually represent around 87 percent of United States imports of fruits and vegetables, while berries and apples were the major fruit products.

^{1/} Canadian import figures have been used instead of United States export data, since export statistics include shipments which moved via Canada to other countries. Before the war this movement was significant, and, during the West Coast maritime strike of 1936-37, the volume was even more substantial. United States import statistics have been used to show Canadian exports to this country. The value figures shown represent import, rather than farm, value.

Table 1. Canada: Imports of fresh fruits and vegetables from United States, other countries and total all countries, calendar year, 1925-1939

Year	FRESH FRUIT				FRESH VEGETABLES				FRESH FRUITS AND VEGETABLES			
	United States:	Other:	Total:	United:	Other:	Total:	United States:	Other:	Total:	United States:	Other:	Total:
	less: Bananas:	countries:	all:	States:	countries:	all:	less:	Bananas:	Other:	all:	less:	Bananas:
: countries: a/ : countries: bananas: a/ : countries: countries:												
: Million: Million: Million: Million: Million: Million: Million: Million: Million: Million: Million: Million: Million:												
: U. S.: U. S.: U. S.: U. S.: U. S.: U. S.: U. S.: U. S.: U. S.: U. S.: U. S.: U. S.: U. S.												
: dollars: dollars: dollars: dollars: dollars: dollars: dollars: dollars: dollars: dollars: dollars: dollars: dollars:												
1925	14.4	4.2	1.0	19.6	3.8	0.5	4.3	18.2	4.2	1.5	23.9	
1926	14.7	4.8	1.0	20.5	4.3	0.3	4.6	19.0	4.8	1.3	25.1	
1927	18.0	5.4	0.9	24.3	5.1	0.6	5.7	23.1	5.4	1.5	30.0	
1928	19.9	5.2	1.3	26.4	5.7	0.9	6.6	25.6	5.2	2.2	33.0	
1929	18.5	2.4	2.6	23.5	7.2	0.8	8.0	25.7	2.4	3.4	31.5	
Average	17.1	4.4	1.4	22.9	5.2	.6	5.8	22.3	4.4	2.0	28.7	
1930	17.0	1.3	3.6	21.9	6.4	0.8	7.2	23.4	1.3	4.4	29.1	
1931	12.1	1.0	2.4	15.5	4.9	0.8	5.7	17.0	1.0	3.2	21.2	
1932	8.3	0.6	1.8	10.7	2.8	1.3	4.1	11.1	0.6	3.1	14.8	
1933	7.0	0.8	1.7	9.5	2.3	0.6	2.9	9.3	0.8	2.3	12.4	
1934	8.8	0.4	3.2	12.4	2.8	0.7	3.5	11.6	0.4	3.9	15.9	
Average	10.6	0.8	2.6	14.0	3.9	0.8	4.7	14.5	0.8	3.4	18.7	
1935	9.5	0.5	2.4	12.4	3.0	1.0	4.0	12.5	0.5	3.4	16.4	
1936	12.2	0.6	2.5	15.3	3.9	0.9	4.8	16.1	0.6	3.4	20.1	
1937	13.0	0.7	3.5	17.2	4.6	0.9	5.5	17.6	0.7	4.4	22.7	
1938	10.5	0.8	2.2	13.5	4.5	0.8	5.3	15.0	0.8	3.0	18.8	
1939	11.8	1.2	1.8	14.8	5.2	0.7	5.9	17.0	1.2	2.5	20.7	
Average	11.4	0.7	2.5	14.6	4.2	0.9	5.1	15.6	0.7	3.4	19.7	

Compiled from the reports of the Trade of Canada. Canadian dollars converted to United States equivalents at the yearly average rate of exchange as reported by the Federal Reserve Board. The years requiring conversion (i.e. years in which the annual average was more than one-half mill above or below parity) and the rates used are as follows: 1929, .9925; 1930, .9984; 1931, .9635; 1932, .8809; 1933, .9196; 1934, 1.0101; 1935, .9949; 1936, .9991; 1938, .9942; 1939, .9602.

a/ Separately enumerated because these shipments are entirely reexports. Minor quantities of certain other fruits and vegetables included in this trade are also reexports of imported produce, but it has been impossible to separate them.

Table 2. United States: Imports of fresh fruits and vegetables from Canada, calendar year 1925-1939

Year	Fruits	Vegetables	Total
	1,000 U. S. dollars	1,000 U. S. dollars	1,000 U. S. dollars
1925.....	658	3,955	4,613
1926.....	596	8,684	9,280
1927.....	680	5,929	6,609
1928.....	476	3,790	4,266
1929.....	981	5,272	6,253
Average.....	678	5,526	6,204
1930.....	823	6,003	6,826
1931.....	289	3,718	4,007
1932.....	275	1,068	1,343
1933.....	177	1,612	1,789
1934.....	281	1,901	2,182
Average.....	369	2,860	3,229
1935.....	276	843	1,119
1936.....	518	2,121	2,639
1937.....	643	1,974	2,617
1938.....	361	1,371	1,732
1939.....	487	2,370	2,857
Average.....	457	1,736	2,193

Compiled from official records of the Bureau of Foreign and Domestic Commerce.

A satisfactory understanding of the course of trade between the two countries requires consideration of its quantity during the 15-year period as well as its value. Unfortunately, no quantity series can be computed from Canadian import statistics since comparable data for many commodities are not available for this 15-year period. Generally speaking, however, the quantity of imports into Canada tended to decline much less precipitously in the depression and to recover more rapidly than did the value, largely because of the very substantial declines in prices of fresh fruits and vegetables which occurred after 1930. The extent of the declines in price may be seen in the following table. Fruit prices in the 1935-1939 period averaged only 60 percent of the 1925-1929 average, while vegetable prices were 75 percent of the earlier average. The value of the fruit exports, on the other hand, dropped only one-third in the later period, while the value of the vegetable movement declined by only 13 percent of 1925-1929 shipments.

Table 3. Fruits and Vegetables: Indices on prices in the United States, average 1925-1929 = 100

Year	FRUITS		VEGETABLES	
	Price	a/	Price	b/
1925.....	111.7	:	104.2	
1926.....	89.6	:	107.0	
1927.....	93.5	:	92.6	
1928.....	114.3	:	99.7	
1929.....	91.6	:	96.5	
		:		
1930.....	105.2	:	93.1	
1931.....	63.6	:	78.9	
1932.....	53.2	:	63.9	
1933.....	48.0	:	67.6	
1934.....	64.9	:	68.0	
		:		
1935.....	59.1	:	74.7	
1936.....	64.9	:	82.8	
1937.....	79.2	:	82.2	
1938.....	47.4	:	67.6	
1939.....	50.0	:	73.0	

Compiled from official sources.

a/ Index of prices received by farmers (U. S. Department of Agriculture) converted to a 1925-1929 basis.

b/ Index of prices received by farmers weighed by average volume of Canadian imports from the United States during the 5 years, 1935-1939. Specially prepared by the Bureau of Agricultural Economics.

United States exports

The United States average exports of fresh fruits and vegetables (less bananas) to Canada in the years 1935-1939 valued at 15.6 million United States dollars annually were about 1.1 million above the average for the previous 5 years but 6.7 millions below the average for the 1925-1929 period. Canadian imports of these products from the United States, including transshipped bananas, accounted for nearly 83 percent of Canadian imports from all countries and, excluding bananas, for 79 percent of total imports. The major portion of United States exports to Canada of these products consisted of fresh fruit products; during the 5 years, 1935-1939, the fresh fruit items averaged about 11.4 million United States dollars annually, or 73 percent of the total, while exports of fresh vegetables averaged 4.2 millions a year during this period.

Table 4. Canada: Imports of fresh fruits from the United States, quantity and value, calendar year, averages 1925-29, 1930-34, 1935-39

Fruit	Unit	1925-29	1930-34	1935-39
QUANTITY		Thousand	Thousand	Thousand
Apples.....	Bushels	537	237	143
Apricots.....	Pounds	2,202	958	3,690
Cherries.....	Pounds	637	633	1,049
Grapefruit.....	Pounds	19,415	27,929	46,063
Grapes.....	Pounds	21,991	20,096	27,552
Lemons.....	Boxes <u>a/b/</u>	270	209	315
Muskmelons.....	Pounds	<u>c/</u> <u>d/</u>	5,836	9,412
Melons.....	Number	4,814	1,265	951
Oranges.....	Boxes <u>a/b/</u>	2,379	<u>a/b/</u> 1,880	2,638
Peaches.....	Pounds	16,974	6,635	10,553
Pears.....	Bushels	432	268	389
Pineapples.....	Crates <u>a/e/</u>	148	144	103
Plums <u>f/</u>	Pounds	12,187	<u>a/b/</u> 7,648	8,317
Cranberries <u>g/</u>	Pounds	2,297	1,777	1,691
Raspberries.....	Pounds	327	<u>a/b/</u> 69	48
Strawberries.....	Pounds	6,237	4,776	5,309
		1925-29	1930-34	1935-39
		1,000 U. S.	1,000 U. S.	1,000 U. S.
VALUE	dollars	dollars	dollars	dollars
Apples.....	924	325	161	
Apricots.....	128	39	105	
Cherries.....	110	69	93	
Grapefruit.....	891	872	1,074	
Grapes.....	1,108	743	876	
Lemons.....	1,094	809	1,169	
Muskmelons.....	<u>h/</u>	176	209	
Melons.....	518	186	148	
Oranges.....	8,552	5,477	5,737	
Peaches.....	639	275	286	
Pears.....	948	481	465	
Pineapples.....	498	320	197	
Plums.....	523	242	247	
Cranberries.....	228	138	169	
Raspberries.....	46	17	5	
Strawberries.....	825	455	422	
Other fresh fruit....	74	16	31	
Total fresh fruit:				
(less bananas)...	17,106	10,640	11,394	

Compiled from the calendar year report of the Trade of Canada and the quarterly report of the Trade of Canada, December issues. Converted to U. S. dollars at average annual rate of exchange.

a/ Reported in value only for missing years. b/ 4-year average.

c/ Quantity included with melons prior to 1933. d/ 2-year average.

e/ Year 1929 only. f/ Converted on basis of 56 pounds to a bushel prior to 1931. g/ Converted on basis of 100 pounds to a barrel prior to 1931.

h/ Included with melons.

Table 5. Canada: Imports of fresh vegetables from the United States, quantity and value, calendar year, averages 1925-29, 1930-34, 1935-39

Vegetable	1925-29	1930-34	1935-39
QUANTITY	1,000 pounds	1,000 pounds	1,000 pounds
Asparagus.....	a/	b/ 1,180	1,610
Beans, green.....	a/	a/	d/ 5,694
Beets, except sugar.....	a/	c/d/ 1,447	2,241
Cabbage.....	e/	f/ 12,544	18,759
Carrots.....	a/	d/ 10,510	17,512
Cauliflower.....	a/	a/	d/ 6,770
Celery.....	e/	f/ 12,706	18,244
Cucumbers.....	a/	c/d/ 1,663	1,883
Lettuce.....	e/	f/ 27,061	38,668
Mushrooms.....	a/	f/ 4	3
Onions.....	e/	f/ 2,901	8,357
Peas.....	a/	a/	d/ 2,582
Sweet Potatoes.....	4,170	5,278	6,818
Potatoes g/.....	41,249	20,386	23,307
Spinach.....	a/	b/ 4,075	6,828
Tomatoes h/.....	24,387	9,540	17,750
	1925-29	1930-34	1935-39
VALUE	1,000 U. S. dollars	1,000 U. S. dollars	1,000 U. S. dollars
Asparagus.....	a/	b/ 65	98
Beans, green.....	a/	a/	260
Beets, except sugar.....	a/	d/ 32	47
Cabbage.....	296	264	280
Carrots.....	a/	d/ 194	306
Cauliflower.....	a/	a/	115
Celery.....	f/ 472	412	486
Cucumbers.....	a/	d/ 87	83
Lettuce.....	b/ 761	703	801
Mushrooms.....	a/	4	1
Onions.....	230	132	168
Peas.....	a/	a/	109
Sweet potatoes.....	113	100	138
Potatoes.....	735	319	305
Spinach.....	a/	b/ 91	155
Tomatoes.....	1,299	773	627
Other fresh vegetables...	1,955	814	321
Total fresh vegetables:	i/ 5,216	i/ 3,834	i/ 4,203

Compiled from the calendar year report of the Trade of Canada and the quarterly report of the Trade of Canada, December issues.

a/ If any, reported in the value of other fresh vegetables. b/ 2-year average. c/ For 1931, April 1 to December 31. d/ 4-year average.

e/ Reported in value only. f/ 3-year average. g/ If any, includes seed potatoes prior to 1930. h/ Converted on basis of 53 pounds to a bushel prior to 1930. i/ Does not total because all of the component averages are not for 5-year periods.

About 70 percent of United States exports of fresh fruits to Canada have consisted of the three citrus fruits during the past 5 years. Oranges constituted the most important single item, averaging 5.7 million dollars, or 50 percent of the total, followed by lemons with 10 percent and grapefruit with more than 9 percent. Fresh grapes constituted the largest noncitrus fruit item during this period, followed by pears and strawberries.

Compared with the average for the 1925-1929 period, the value of fruit exports in the past 5 years was about one-third less. The major declines occurred in the case of oranges, apples, and several minor fruit items, while actual increases took place in the value of lemons and grapefruit. From a quantity point of view, however, the declines were less drastic; in fact, the volume of grapefruit shipments more than doubled, while grapes, apricots, and cherries showed substantial increases in quantity.

Vegetables have comprised about one-quarter of the value of Canadian fresh fruit and vegetable imports from the United States during the past 5 years. In the 1935-1939 period, lettuce was the major vegetable in this trade, averaging \$801,000 or 19 percent of the total, followed by tomatoes with 15 percent, celery with 12, and carrots and potatoes with 7 percent each. Comparing the 1935-1939 period with the 5 years, 1925-1929, the value of lettuce, celery, and sweet potatoes increased while tomatoes and potatoes dropped substantially. From a quantity point of view, practically every vegetable item showed an increase in the most recent 5-year period compared with the average movement in the 5 years, 1930-1934.

Canadian exports

Canadian exports of fresh fruits and vegetables to the United States averaged 3.9 million dollars for the 15 years, 1925-1939. The value of Canadian exports has been at a relatively low level since 1932, although some increase is apparent for the 4 years, 1936-1939, compared with the previous 4 years.

Canadian exports of fresh vegetables to the United States amounted to 3.4 million dollars or more than 85 percent of the average total. Throughout this 15-year period, potatoes have constituted the largest item in this trade, although this movement has declined substantially from the high levels reached in the late 1920's. Turnips and rutabagas constitute the other important item and shipments of these have expanded since 1936. During the last 5 years, potatoes and rutabagas made up over 98 percent of the vegetable movement. The decline in Canadian shipments during this 15-year period has been chiefly the result of the decreased volume of potato exports.

Table 6. United States: Imports of fresh vegetables from Canada, quantity and value, calendar year, averages 1925-29, 1930-34 and 1935-39

Vegetables	1925-29	1930-34	1935-39
	1,000 pounds	1,000 pounds	1,000 pounds
<u>QUANTITY</u>			
Peas, green.....	a/	266	11
Potatoes:			
Certified seed.....)	240,814	c/ 25,057	43,861
Others.....)		133,558	14,471
Turnips and rutabagas..	130,007	98,208	115,355
Tomatoes.....	716	406	130
Onions.....	533	1,121	493
Carrots.....	a/	a/	126
	1925-29	1930-34	1935-39
	1,000 dollars	1,000 dollars	1,000 dollars
<u>VALUE</u>			
Peas, green.....	b/	22	1
Potatoes:			
Certified seed.....)	4,214	c/ 313	685
Others.....)		1,811	228
Turnips and rutabagas..	745	615	796
Tomatoes.....	35	20	6
Onions.....	14	24	14
Carrots.....	b/	b/	1
Peppers.....	b/	b/	1
Other fresh vegetables:	518	117	4
Total fresh vegetables	5,526	d/ 2,860	1,736

Compiled from official records of Bureau of Foreign and Domestic Commerce.

a/ Not separately available. b/ Included in others. c/ 4-year average.

d/ Will not total since all the above averages are not for 5-year periods.

Fresh fruits have never been a very important part of Canadian exports to this country. Fresh apples and berries (largely blueberries but including strawberries and other berries) account for the bulk of United States imports of fresh fruits from Canada. During the 5 years, 1935-1939, shipments of all berries, including those frozen, were valued at \$403,000 or 85 percent of the total. Shipments of apples, which in earlier years ranked second, declined substantially during this period. During 1940, however, apple shipments to the United States increased substantially, partially because British Columbia had a crop of both Jonathans and Delicious of popular average sizes, while these varieties ran abnormally to large sizes in the Pacific Northwest apple

regions of the United States. Furthermore, practically no Canadian fresh apples were taken by the United Kingdom from the 1940 crop.

Table 7. United States: Imports of specified fresh fruits from Canada, quantity and value, calendar year, averages 1925-29, 1930-34 and 1935-39

Fruit	Unit	1925-29	1930-34	1935-39
		Thousand	Thousand	Thousand
<u>QUANTITY</u>				
Apples.....	bushels	134	56	24
Berries, natural or in				
brine:	pounds			
Blueberries.....	"	)	a/ 3,178	2,737
Strawberries.....	"	) 4,741	b/	517
Others.....	"	)	c/ 718	506
Berries, frozen:				
Blueberries.....	"	b/	b/	2,592
Others.....	"	b/	b/	33
Cherries:				
Natural.....	"	221	103	182
		1925-29	1930-34	1935-39
		1,000 dollars	1,000 dollars	1,000 dollars
<u>VALUE</u>				
Apples.....		249	102	39
Berries, natural or in				
brine:				
Blueberries.....)			212	178
Strawberries.....)	408		b/	41
Others.....)		c/	55	31
Berries, frozen:				
Blueberries.....	b/		b/	150
Others.....	b/		b/	2
Cherries:				
Natural.....		21	11	14
Others.....		0	0	2
Total fresh fruit..		678	d/ 369	457

Compiled from official records of Bureau of Foreign and Domestic Commerce.

a/ Includes total all berries in 1930. b/ Not separately classified.

c/ 4 years only. In 1930, included in blueberries. d/ Will not total since all the above averages are not for 5-year periods.

Estimate of United States Export Value by States of Origin

Accurate statistics on States of origin of United States exports are, unfortunately, not available. Such data are essential, however, in attempting to assess the significance of the Canadian market to American fruit and vegetable producers by States of origin or producing regions. Consequently, a rough statistical estimate of the value of United States exports to Canada has been constructed to give at least an approximate indication of the shares of the various States in the Canadian market. At best, these figures by States are approximations and should be considered as such. 2/

About 42 States participate in the United States export trade in fresh fruits and vegetables to Canada, although the 6 leading States - California, Florida, Texas, Arizona, Washington, and Louisiana - provide the bulk of shipments. Generally speaking, the major portion of United States exports originates in the States in the southern half of this country, which have climatic conditions and growing seasons quite dissimilar to those prevailing in Canada. For this reason, these southern States are able to ship produce which either cannot be grown in Canada, such as citrus fruits, or can be shipped at a time of the year when similar Canadian produce is not available, as in the case of winter and spring vegetables and fruits. Thus, the major part of American fresh fruit and vegetable exports to Canada may be said to be complementary to Canadian production of these commodities. The more northern States, which market commodities similar to those produced in Canada shortly before or during the period of the year when Canadian production is being marketed, are handicapped, since the low price of local produce in Canada together with the Canadian system of seasonal protection restrict imports at that time.

2/ Statistics on unloads of American fresh fruits and vegetables by States of origin at Montreal, Toronto, Winnipeg, and Vancouver, on a calendar year basis, are reported annually by the Canadian Department of Agriculture. These 4 cities are fairly representative of Canadian markets. Receipts from the United States in these cities represent almost 50 per cent of the Canadian fruit and vegetable imports from the United States. These quantity statistics were compiled by commodity and State for the 5 years, 1935-1939, and the percentage each State supplied by commodity calculated for the period. These percentages were then applied by commodity to the value of Canadian imports and approximate values by States derived. Although in certain minor instances there was some question as to whether the State accredited in the statistics actually originated the commodity in question, no attempt has been made to revise these data.

Table 8. United States: Value of fresh fruits and vegetables imported by Canada, estimated by States of origin, calendar year, average 1935-1939

State	Total : :deciduous:	Total : :citrus:	Total : :berries:	Total : :fresh fruit:	Total other : :vegetables:	Total : :& vegetables
	U. S. :	U. S. :	U. S. :	U. S. :	U. S. :	U. S. :
	dollars	dollars	dollars	dollars	dollars	dollars
Alabama.....	-	-	-	1,482	36,704	38,186
Arizona.....	1,711	57,892	-	66,022	262,750	388,375
Arkansas.....	20,563	-	15,623	296	28,316	64,798
California....	633,183	6,742,695	20,691	1,048,384	1,532,756	9,977,709
Colorado.....	2,858	-	-	1,098	15,288	19,244
Connecticut...	161	-	-	-	-	161
Delaware.....	39,224	-	26,180	209	155	65,768
Florida.....	-	782,897	18,579	48,961	356,498	1,206,935
Georgia.....	88,892	-	-	37,585	5,931	132,408
Idaho.....	1,235	-	-	-	15,956	17,191
Illinois.....	26,436	-	844	-	4,660	31,940
Indiana.....	768	-	34,203	-	9,451	44,422
Iowa.....	-	-	-	-	1,433	1,433
Kansas.....	-	-	-	-	1,169	1,169
Kentucky.....	286	-	80,392	-	-	80,678
Louisiana.....	-	1,074	147,790	-	124,119	272,983
Maine.....	-	-	-	-	305	305
Maryland.....	8,038	-	26,180	417	24,529	59,164
Massachusetts:	161	-	164,297	-	3,242	167,700
Michigan.....	14,429	-	-	-	14,226	28,655
Minnesota.....	-	-	-	-	11,625	11,625
Mississippi...	-	11,473	-	148	199,136	210,757
Missouri.....	1,115	-	14,357	445	1,598	17,515
Montana.....	161	-	-	-	-	161
Nebraska.....	286	-	-	-	-	286
New Jersey....	4,983	-	4,733	-	2,440	12,156
New Mexico....	-	-	-	835	547	1,382
New York.....	20,674	-	-	7,454	23,433	51,561
No. Carolina..	16,864	-	5,827	4,760	34,549	62,000
No. Dakota....	-	-	-	-	913	913
Oklahoma.....	-	-	-	1,037	8,446	9,483
Oregon.....	115,109	-	1,267	209	5,077	121,662
Pennsylvania..	1,929	-	-	-	-	1,929
So. Carolina..	17,435	-	-	6,581	77,545	101,561
Tennessee.....	-	-	17,312	-	63,695	81,007
Texas.....	2,001	383,935	-	1,576	626,001	1,013,513
Utah.....	-	-	-	-	4,376	4,376
Vermont.....	482	-	-	-	-	482
Virginia.....	20,434	-	11,401	-	154,930	186,765
Washington....	317,470	-	5,737	5,522	55,973	384,702
W. Virginia...	-	-	-	-	305	305
Wisconsin.....	-	-	422	-	1,843	2,265
Total.....	1,356,888	7,979,966	595,835	1,233,021	3,709,920	a/ 14,875,630

Estimates prepared by the U. S. Department of Agriculture.

a/ Total fruit and vegetable shipments averaged \$15,600,000 during the period but state of origin data are not available for some of these items.

Table 9. United States: Value of fresh fruits and vegetables imported by Canada, estimated by States of origin, calendar year, average 1935-1939

State	DECIDUOUS FRUITS						
	Apples:	Apricots:	Cherries:	Peaches:	Pears :	Plums :	Total
	U. S. :	U. S. :	U. S. :	U. S. :	U. S. :	U. S. :	U. S.
	dollars:	dollars:	dollars:	dollars:	dollars:	dollars:	dollars
Arizona.....	-	-	-	286:	931:	494:	1,711
Arkansas.....	482:	-	-	19,150:	931:	-	20,563
California....	3,054:	9,656:	59,760:	84,033:	314,188:	162,492:	633,183
Colorado.....	-	-	-	2,858:	-	-	2,858
Connecticut...	161:	-	-	-	-	-	161
Delaware.....	39,224:	-	-	-	-	-	39,224
Georgia.....	-	-	-	88,892:	-	-	88,892
Idaho.....	-	-	-	-	-	1,235:	1,235
Illinois.....	24,435:	-	-	2,001:	-	-	26,436
Indiana.....	482:	-	-	286:	-	-	768
Kentucky.....	-	-	-	286:	-	-	286
Maryland.....	8,038:	-	-	-	-	-	8,038
Massachusetts:	161:	-	-	-	-	-	161
Michigan.....	-	-	-	-	14,429:	-	14,429
Missouri.....	-	-	1,115:	-	-	-	1,115
Montana.....	161:	-	-	-	-	-	161
Nebraska.....	-	-	-	286:	-	-	286
New Jersey....	4,983:	-	-	-	-	-	4,983
New York.....	16,397:	-	3,346:	-	931:	-	20,674
No. Carolina..	-	-	-	16,864:	-	-	16,864
Oregon.....	322:	-	7,714:	-	86,576:	20,497:	115,109
Pennsylvania..	1,929:	-	-	-	-	-	1,929
So. Carolina..	-	-	-	17,435:	-	-	17,435
Texas.....	-	-	-	2,001:	-	-	2,001
Vermont.....	482:	-	-	-	-	-	482
Virginia.....	19,291:	-	-	1,143:	-	-	20,434
Washington....	41,153:	95,299:	21,004:	50,305:	47,478:	62,231:	317,470
Total....	160,755:	104,955:	92,939:	285,826:	465,464:	246,949:	1,356,888

Deciduous fruits accounted for \$1,357,000 or about 9 percent of United States exports to Canada. Pears, peaches, and plums are the leading commodities in this group. About 29 states participate in this export trade. California was the leading shipper, accounting for 47 percent, followed by Washington with 23 percent and Oregon with 8 percent of the total. California was the principal exporter of pears, plums, cherries and was second to Georgia in shipments of peaches, while Washington was the leading shipper of apricots and apples.

Table 10. United States: Value of fresh fruits and vegetables imported by Canada, estimated by States of origin, calendar year, average 1935-1939

State	CITRUS FRUITS				BERRIES			
	Oranges	Grape-	Lemons	Total	Cran-	Rasp-	Straw-	Total
		fruit			berries	berries	berries	
	U. S. : dollars	U. S. : dollars	U. S. : dollars	U. S. : dollars	U. S. : dollars	U. S. : dollars	U. S. : dollars	U. S. : dollars
Arizona...	5,737:	51,570:	585:	57,892:	-	-	-	-
Arkansas...	-	-	-	-	-	-	15,623:	15,623
Calif. ...:	5,237,494:	337,353:	1,167,848:	6,742,695:	-	-	20,691:	20,691
Delaware...	-	-	-	-	-	-	26,180:	26,180
Florida...	458,926:	323,386:	585:	782,897:	-	-	18,579:	18,579
Illinois...	-	-	-	-	-	-	844:	844
Indiana...	-	-	-	-	-	-	34,203:	34,203
Kentucky...	-	-	-	-	-	2,275:	78,117:	80,392
La.:	-	1,074:	-	1,074:	-	-	147,790:	147,790
Maryland...	-	-	-	-	-	-	26,180:	26,180
Mass.:	-	-	-	-	164,297:	-	-	164,297
Miss.:	11,473:	-	-	11,473:	-	-	-	-
Missouri...	-	-	-	-	-	-	14,357:	14,357
N. Jersey:	-	-	-	-	4,733:	-	-	4,733
N. Car....:	-	-	-	-	-	760:	5,067:	5,827
Oregon....:	-	-	-	-	-	-	1,267:	1,267
Tenn.:	-	-	-	-	-	-	17,312:	17,312
Texas.....:	22,946:	360,989:	-	383,935:	-	-	-	-
Virginia...	-	-	-	-	-	-	11,401:	11,401
Wash.:	-	-	-	-	-	1,514:	4,223:	5,737
Wisconsin:	-	-	-	-	-	-	422:	422
Total...:	5,736,576:	1,074,372:	1,169,018:	7,979,966:	169,030:	4,549:	422,256:	595,835

Citrus fruits provide the bulk of United States shipments of fruits and vegetables to Canada, accounting for almost 8 million dollars or 54 percent of the total. Six states produce citrus fruit on a commercial scale. California was the main supplier of oranges and lemons and was second to Texas as the shipper of grapefruit. Florida was the second most important supplier of oranges and ranked in third place, slightly below Texas and California in grapefruit shipments.

Berries accounted for \$596,000 or 4 percent of the total and about 18 states ship one or more types of berries. Strawberries and cranberries are the important berries shipped to Canada. Louisiana is the principal shipper of strawberries, followed by Kentucky and Indiana, while Massachusetts provided practically the entire cranberry movement. In the shipments of berries to Canada, Massachusetts has the largest state total value, followed by Louisiana and Kentucky.

Table 11. United States: Value of fresh fruits and vegetables imported by Canada, estimated by States of origin, calendar year, average 1935-1939

State	OTHER FRESH FRUITS				
	Grapes	Muskmelons & Cantaloupes	Other Melons	Total	
	U. S.	U. S.	U. S.	U. S.	
	dollars	dollars	dollars	dollars	
Alabama.....	-	-	1,482	1,482	
Arizona.....	876	64,701	445	66,022	
Arkansas.....	-	-	296	296	
California.....	868,239	135,245	44,900	1,048,384	
Colorado.....	-	209	889	1,098	
Delaware.....	-	209	-	209	
Florida.....	-	209	48,752	48,961	
Georgia.....	-	835	36,750	37,585	
Maryland.....	-	417	-	417	
Mississippi.....	-	-	148	148	
Missouri.....	-	-	445	445	
New Mexico.....	-	835	-	835	
New York.....	7,009	-	445	7,454	
North Carolina.....	-	3,130	1,630	4,760	
Oklahoma.....	-	-	1,037	1,037	
Oregon.....	-	209	-	209	
South Carolina.....	-	209	6,372	6,581	
Texas.....	-	835	741	1,576	
Washington.....	-	1,669	3,853	5,522	
Total.....	876,124	208,712	148,185	1,233,021	

Grapes constitute the major item in the group classified as "other fresh fruit". The group as a whole accounted for \$1,233,021 or about 8 percent of the total and shipments of these commodities originated in 19 different states. California originated practically the entire grape movement, supplied two-thirds of muskmelons and cantaloupe shipments and about 30 percent of the other melons. Florida, however, was the leading shipper of other melons (largely watermelons). From the point of view of this group of fruits as a whole, California is the leading state of origin with \$1,052,000 or nearly three-fourths of the total, followed by Arizona with \$66,000, Florida with \$49,000, and Georgia with \$37,000.

Vegetable products provided \$3,710,000 annually, or nearly one-fourth of total shipments of American fresh fruits and vegetables to Canada during this period. Lettuce with 22 percent of the total, tomatoes with 17 percent, celery with 13 percent, and carrots and onions with about 8 percent each, accounted for the larger portion of this movement. More states participate in the vegetable trade than in that of any of the fruit groups, since shipments of one or more of these commodities originated in 36 states.

California was the major supplier of fresh vegetables, providing 41 percent of the total, followed by Texas with 17 percent and Florida with 10 percent of the total. California was the principal shipper of asparagus, carrots, cauliflower, celery, lettuce, and peas. Texas was the leading supplier of onions, spinach, and tomatoes; Louisiana of beans; Mississippi of cabbage; and Virginia the chief supplier of potatoes.

Table 12. United States: Value of fresh fruit and vegetables imported by Canada, estimated by States of origin, calendar year, average 1935-1939

States	VEGETABLES						
	Aspara-	Beans	Cabbage	Carrots	Cauli-	Celery	Lettuce
	gus				flower		
	U. S.	U. S.	U. S.	U. S.	U. S.	U. S.	U. S.
	dollars	dollars	dollars	dollars	dollars	dollars	dollars
Alabama.....	-	779	3,643	-	-	-	-
Arizona.....	-	-	3,083	29,401	462	-	229,022
Arkansas.....	-	520	-	-	-	-	1,601
California....	81,359	-	29,986	243,167	106,366	283,128	542,926
Colorado.....	-	-	-	-	-	-	801
Delaware.....	-	-	-	-	-	-	-
Florida.....	-	78,708	12,051	-	-	202,860	10,410
Georgia.....	-	-	-	-	-	-	-
Idaho.....	-	-	-	-	-	-	7,207
Illinois.....	-	-	-	-	-	-	-
Indiana.....	-	6,234	-	-	-	-	-
Iowa.....	-	260	-	-	-	-	-
Kansas.....	-	-	560	-	-	-	-
Louisiana.....	-	107,802	6,166	-	115	-	-
Maine.....	-	-	-	-	-	-	-
Maryland.....	-	12,209	-	-	-	-	-
Massachusetts:	-	1,299	-	306	-	-	-
Michigan.....	-	-	-	-	-	-	-
Minnesota.....	-	-	280	-	-	-	-
Mississippi...	-	14,806	93,603	2,144	-	-	1,602
Missouri.....	-	-	1,121	-	-	-	-
New Jersey....	-	520	-	-	-	-	-
New Mexico....	-	-	-	-	-	-	-
New York.....	-	260	-	-	7,037	-	-
No. Carolina..	-	20,261	560	-	-	-	-
No. Dakota....	-	-	-	-	-	-	-
Oklahoma.....	-	-	-	-	-	-	-
Oregon.....	-	-	-	-	1,384	-	801
So. Carolina..	489	3,377	14,853	919	-	-	-
Tennessee.....	-	7,273	13,172	-	-	-	-
Texas.....	-	-	84,915	29,707	-	486	-
Utah.....	-	-	-	-	-	-	-
Virginia.....	-	5,455	15,694	-	-	-	-
Washington....	15,939	-	560	612	-	-	6,406
West Virginia:	-	-	-	-	-	-	-
Wisconsin.....	-	-	-	-	-	-	-
Total....	97,787	259,763	280,247	306,256	115,364	486,474	800,776

Table 13. United States: Value of fresh fruits and vegetables imported by Canada, estimated by States of origin, calendar year, average 1935-1939

States	VEGETABLES						Total fresh vegetables
	Onions	Peas	Potatoes	Spinach	Tomatoes		
	U. S.	U. S.	U. S.	U. S.	U. S.	U. S.	
	dollars	dollars	dollars	dollars	dollars	dollars	
Alabama.....	-	-	32,282	-	-	-	36,704
Arizona.....	-	-	-	155	627	-	262,750
Arkansas.....	-	-	1,218	8,046	16,931	-	28,316
California....	29,649	94,744	42,941	3,868	74,622	1,532	756
Colorado.....	13,065	1,422	-	-	-	-	15,288
Delaware.....	-	-	-	155	-	-	155
Florida.....	335	-	28,932	-	23,202	-	356,498
Georgia.....	-	-	914	-	5,017	-	5,931
Idaho.....	6,365	2,079	305	-	-	-	15,956
Illinois.....	4,355	-	305	-	-	-	4,660
Indiana.....	1,507	-	-	1,083	627	-	9,451
Iowa.....	1,173	-	-	-	-	-	1,433
Kansas.....	-	-	609	-	-	-	1,169
Louisiana.....	2,010	-	4,264	-	3,762	-	124,119
Maine.....	-	-	305	-	-	-	305
Maryland.....	-	-	609	3,559	8,152	-	24,529
Massachusetts:	1,173	-	-	464	-	-	3,242
Michigan.....	14,071	-	-	155	-	-	14,226
Minnesota.....	5,863	-	5,482	-	-	-	11,625
Mississippi...	2,010	3,501	1,523	309	79,638	-	199,136
Missouri.....	168	-	-	309	-	-	1,598
New Jersey....	837	-	-	1,083	-	-	2,440
New Mexico....	-	547	-	-	-	-	547
New York.....	14,573	-	-	309	1,254	-	23,433
No. Carolina..	-	328	13,400	-	-	-	34,549
No. Dakota....	-	-	913	-	-	-	913
Oklahoma.....	-	-	3,959	4,487	-	-	8,446
Oregon.....	1,005	328	305	-	1,254	-	5,077
So. Carolina..	168	-	51,468	-	6,271	-	77,545
Tennessee.....	-	-	609	-	42,641	-	63,695
Texas.....	42,882	875	3,045	102,269	361,822	-	626,001
Utah.....	-	4,376	-	-	-	-	4,376
Virginia.....	-	-	109,637	23,517	627	-	154,930
Washington....	24,456	1,204	1,218	4,951	627	-	55,973
West Virginia:	-	-	305	-	-	-	305
Wisconsin.....	1,843	-	-	-	-	-	1,843
Total.....	167,508	109,404	304,548	154,719	627,074	3,709	920

Estimates prepared by the U. S. Department of Agriculture.

United States Producing Regions Affected by Imports

Because of Canada's location and climatic conditions, the fresh fruits and vegetables produced there and exported to the United States compete largely with the production and marketing of similar kinds in the northern states. Some of the more important imports are table and seed potatoes, rutabagas, fresh and frozen blueberries, and, in 1940, apples.

Vegetables

The imports of both table stock and seed potatoes compete directly with the production of similar commodities produced in Maine, Vermont, New York, Pennsylvania, Michigan, Wisconsin, Minnesota, North Dakota, Nebraska, Colorado, Idaho, Washington, and Oregon. This group of northern States normally produces considerable quantities of seed potatoes of the same varieties and of much the same quality as Canada. The seed stock is used largely in the South, a region which produces very few potatoes for seed purposes. Purchases of Canadian potatoes are usually the result of definite grower preference or the fact that those who finance the grower specify that Canadian seed be used. In some cases, growers use seed from several different sources to reduce the risk of loss through infestation or poor germination.

The quantity of table stock potatoes imported from Canada annually is very small compared with production and consumption in the United States during the period when imports are received. This trade is mostly the result of local conditions near the border and probably has little, if any, effect upon the general price level of potatoes for the country as a whole. The quantity imported, of course, varies considerably from year to year and indirectly with the size of the late crop in the United States. Imports of table stock are larger in years when the crop in the late States is short than in years of a large crop.

Imports of rutabagas from Canada are comparatively heavy during the period, September to April, and compete directly with the production of turnips and rutabagas in Minnesota, Illinois, Michigan, Wisconsin, New York, Pennsylvania, New Jersey, Georgia, Washington, and California. Although turnips and rutabagas are not entirely interchangeable in the diet, they may be considered strongly competitive. This crop is largely harvested in the early fall, and a part is stored for winter markets, but no information concerning the annual production in the United States is available. It is difficult, therefore, to determine what proportion of the market has been supplied by imports from Canada in recent years. Information concerning shipments of turnips and rutabagas by rail and boat and fragmentary information on motor-truck shipments indicate that Canadian imports during the period 1935-1939 comprised about two-fifths of the total United States commercial supply.

Assuming that two-fifths of the United States annual commercial supply is imported from Canada, it can be reasoned that these imports offer considerable competition for United States production. It is noted, however, that the imports of rutabagas from Canada generally are of a high quality, a large portion being washed and waxed, and usually bring higher prices in United States markets than those of domestic origin. In the fall of 1940 prices of rutabagas from Canada averaged 15 to 20 percent higher than those of domestic origin.

Other vegetables are imported from Canada at various times of the year but the quantities are so small that they could hardly have any significant effect on the supply and price situation in the United States. This group includes tomatoes, onions, table beets, cucumbers, lettuce, celery, carrots, cabbage, peppers, etc.

Fruits

Imports of fruits from Canada include apples, blueberries (fresh and frozen), strawberries, other berries (fresh and frozen), cherries, peaches, and pears. These imports usually come in at a time when the northern States are marketing like crops, but with the exception of blueberries (fresh and frozen) and in 1940 of apples, the quantities have been relatively insignificant.

In late 1940 the imports of apples, totaling about 657,852 boxes or 568,041 bushels (50 pounds), were large relative to former years but were small when it is considered that during the last half of 1940 approximately 100 times that quantity was marketed in the United States as fresh fruit from domestic sources. The imports, which were largely of Jonathan and Delicious varieties from British Columbia, comprised only about 1/2 of 1 percent of the 1940 commercial crop produced in the United States. Canadian apples usually sold this season at comparable prices in American auction markets to those of domestic stock of similar varieties, grades, and sizes.

The imports of blueberries (fresh and frozen) are in competition with those produced in Maine, New Hampshire, Massachusetts, New York, Pennsylvania, New Jersey, Virginia, North Carolina, Michigan, Wisconsin, Illinois, and Washington, the principal blueberry producing States. Although little information concerning total production of these berries in these states is available, trade data indicate that 277,000 cases (all sizes, probably averaging 33 pounds) are canned and that close to 1,400,000 pounds are frozen annually, representing the equivalent of roughly 8.2 million pounds of fresh berries annually. Considerable quantities also are sold as fresh fruit. Motor truck receipts at six important cities indicate that marketing of fresh fruit amount to about 8.5 million pounds. Thus, the commercial supply produced in the United States appears to average about 16.7 million pounds. Imports of fresh blueberries averaged 2,737,000 pounds during the period 1935-1939, while those frozen averaged 2,592,000 pounds. It is indicated, therefore, that the imports comprise a considerable proportion, probably about one-fourth, of the total commercial supply in the United States.

Tariff Policies of the United States and Canada

Generally speaking, tariffs on fresh fruits and vegetables moving between the United States and Canada were not substantially altered during the 1920's. The United States tariff rates, set at a high level in the Act of 1922, and the Canadian rates, which returned to the pre-1914 level at the end of the war, remained almost unchanged during this decade. 3/ Beginning in 1930, as a result of the Great Depression, protection was increased on both sides of the border. The United States-Canadian Trade Agreement of 1936, bringing substantial reduction in both Canadian and United States duties, brought the period of increased protection to an end.

Policies during the 1920's

In the Emergency Tariff Act of 1921, the United States tariff on agricultural imports, which had been reduced somewhat in the last pre-war Tariff Act (1913), was increased. This Emergency Act was superseded by the Tariff Act of 1922, in which a general upward revision in import duties was effected. The 1922 duties were higher than the previous high set up in the 1909 tariff. Under the 1922 schedule, potatoes, apricots, mangoes, avocados, plantains, and certain other fruits, formerly free, became dutiable; in fact, the only major fruit and vegetable product remaining on the free list was bananas. No provision had been made in the United States tariff schedule for special seasonal protection against imports of fruits and vegetables. Producers of these products outside the continental areas of the United States shared in the protection afforded continental producers, since shipments from Hawaii, Puerto Rico, and the Philippines entered continental United States free of duty. Imports from Cuba enjoyed a reduction of at least 20, and in certain cases, 35 percent below the general tariff rate.

The Canadian tariff rates, on the other hand, returned to the pre-war level after the end of the war of 1914-1918. Under this schedule, most tropical and subtropical fruits were on the free list as were potatoes from countries charging no duty on Canadian potatoes. The special British preferential tariff, however, reduced duties on many imports from most areas within the British Empire. Special low rates were established on most fruit and vegetable products originating in the British West Indies under the terms of a treaty concluded in 1920 and modified somewhat in 1925. Additional concessions were made in a treaty with Australia in 1925.

3/ The use of the system of official values for imports in 1926-1928 had the effect of raising Canadian import duties on certain fresh fruits and vegetables.

British preferential rates were in effect for most fresh fruits and vegetables and the British rate was substantially below the general rate for many commodities. On apples and tomatoes, for example, the preferential rate was about one-third lower than the general; one-half on most other fresh vegetables; and bananas, grapefruit, limes, and onions under the British preferential schedule were duty free. In addition to the general and British preferential rates, a schedule of intermediate rates, which represented concessions Canada was willing to make in return for concessions from other countries, was included in the Canadian tariff. Intermediate rates were below the general tariff rates on a number of fresh fruits and vegetables. Imports from the United States, however, were charged the general Canadian rate up to 1936.

A feature of the Canadian tariff system of considerable importance in the case of fruits and vegetables was the special seasonal protection provided domestic producers by executive action. Legislation enacted in 1922 had empowered the Governor-in-Council to authorize the establishment of official values for duty purposes on competitive natural products when such imports "prejudicially or injuriously" affected the interest of Canadian producers, such official values to be deemed the fair market values. Under the anti-dumping clause, if the fair market value exceeded the invoice value of the imported product by more than 5 percent, a "special dumping duty" could be assessed equal to the difference between the fair market value and invoice value, up to a maximum of 15 percent ad valorem.

Authorization to establish official values for fresh fruits and vegetables was first given in 1926 and withdrawn in 1928. During this period, official values were fixed for varying lengths of time on some 20 items. These values were established when Canadian produce was ready for market and canceled when the crop was sold. The value on apples, for example, was established on September 2, 1926, revised on January 24, 1927, and canceled on February 23, 1927. The value was again established on September 10, 1927.

Policies during the early 1930's

An immediate intensification of protection in both the United States and Canada followed in the wake of the Great Depression, which began in late 1929. The United States Tariff Act of 1930 (June 18) sharply increased the duties on many fresh fruits and vegetables. In a number of instances, the duty on vegetable imports was changed from an ad valorem basis to a specific basis.

An extensive revision of the Canadian tariff schedule took place in May 1930, in which the margin of British preference was generally increased on a number of commodities. On fresh vegetables, the general tariff of

30 percent ad valorem was retained while entries under British preference, formerly dutiable for the most part at 15 percent, were admitted duty-free. On most fruit items of United States origin, an ad valorem duty of 20 percent replaced specific duties on many fruits under the general schedule, while most fruits of Empire origin, many of which had formerly been dutiable on either a specific or ad valorem basis, were admitted free of duty. At the same time, it was provided that the duty on many fresh fruits and vegetables could not fall below specified levels at certain seasons, or at any time for certain items. These minimum specific duties, which ranged from 3/5 cent per pound on apples to 3 cents per pound on certain berries (10 cents per pound on mushrooms) had particular significance for American fresh fruits and vegetables, since they applied only to imports dutiable under the general tariff rate. 4/

Duties on these commodities, except sweet potatoes, were unchanged in the next upward revision of the Canadian tariff in September 1930. In the changes made in June 1931, oranges, which had been on the free list, were made subject to a duty of 35 cents per cubic foot. In addition, a special excise tax of 1 percent was imposed on the duty-paid value of all imports, and this was raised to 3 percent in April 1932. Following the Ottawa Agreements, a substantial revision in the Canadian tariff, designed to increase the margin of preference for British countries, took place in October 1932. Although the duties on fresh fruits and vegetables were unaltered, special commitments with respect to certain fresh fruits were undertaken in trade treaties concluded with Australia, New Zealand, South Africa, and Southern Rhodesia. Further, the excise tax on goods entering under the British preferential tariff was reduced from 3 to 1-1/2 percent in April 1934 and removed altogether in March 1935.

A development of significance to the trade in fruits and vegetables, supplemental to Canada's in-season protection, however, was the return of the system of official valuations. The establishment of official values for duty on many of the products was permitted in an Order in Council of August 26, 1930. An Order of October 1, 1930, increased the value for duty on many fruits and vegetables and, further, provided for the imposition of dumping duties on all shipments invoiced at a value below the official level. The maximum dumping duty had been raised to 50 percent ad valorem effective September 17, 1930.

4/ Items paying year-round minimum specified duties were mushrooms, truffles, onions, cherries, cranberries, edible berries, n.o.p., quinces, nectarines, and apples. Beginning on October 13, 1932, tomatoes paid a minimum specific duty when entering under the intermediate, as well as the general rate.

The system of official valuation has since remained, with modifications, part of the Canadian tariff on fresh fruits and vegetables. 5/ Beginning in May 1932, values were established on a seasonal basis at specified advances over the invoice price. Under this system the invoice value plus the seasonal advanced valuation constitute the "value for duty" upon which regular ad valorem duties and extra duties are calculated during the periods in which the seasonal advances are in effect. In 1934, the seasonal advanced values were applied on different dates in Western and Eastern Canada; and in 1935 Canada was divided into 3 regions, Western Canada, Ontario-Quebec, and the Maritime Provinces, for purposes of applying the advanced valuations.

Policies during the latter 1930's

Duties on imports were lowered by both the United States and Canada in the latter half of the 1930's following the adoption of a policy of reciprocal reduction in trade barriers by both countries. The Reciprocal Trade Agreements Act was passed by the United States Congress in 1934. Under this Act, trade agreements were concluded with 21 countries between 1934 and 1940 and the concessions granted by the United States under the various agreements (with the exception of the Cuban agreement) applied to all countries except those deemed by the President to be discriminating against American commerce. The United States granted reductions in import duties on 9 fresh fruits (counting berries as a single item). Concessions on fresh vegetables consisted chiefly of seasonal reductions on about 18 of these products. Of these, benefits on 1 fruit and 7 vegetable items were confined to Cuba. In return, the United States received concessions, some of a seasonal nature, on most fresh fruits and vegetables.

Evidence of important changes in Canadian trade policy appeared in 1935. Between 1935 and 1939 the list of countries granted most-favored-foreign-nation treatment was greatly lengthened by adding most British countries and some 10 foreign countries, including the United States. The British preferential tariff was extended to more British countries so that it applied to almost the whole British Empire and, under the 1937 trade agreement with the United Kingdom, the British preferential rates were lowered on many items. Foreign countries receiving most-favored-nation treatment in return for concessions to Canada enjoyed the intermediate rates and the lower rates on specified goods provided for in the trade agreements with France (1933), Poland (1936), and the United States (1936 and 1939). France, which had enjoyed most-favored-nation treatment only for those products enumerated in the Canada-France trade agreement of 1933, obtained the intermediate instead of the general rates on other products in 1939, while Uruguay and the Panama Canal Zone were given the intermediate rates in 1937.

5/ A detailed description of the method of applying seasonal advanced valuations and of calculating seasonal extra duties appears in the Appendix of this report.

Regulations of the Canadian Government effective in 1939 required specified fruits and vegetables imported from the United States into Canada to be inspected in the United States and to be accompanied by an inspection certificate showing that the products met the requirements of United States grades designated by Canada. Products specified under the regulations included most leading fruits and vegetables, except citrus fruits and berries. This regulation has undoubtedly resulted in higher average quality of shipments of fruits and vegetables from the United States to Canada. Canadian regulations also require that all fruit and vegetable exports from Canada meet requirements of specified Canadian grades.

Concessions Exchanged in the Canadian Trade Agreements

Canadian concessions to the United States in the 1936 and 1939 Trade Agreements on fresh fruits and vegetables affected United States export commodities having a total Canadian import value in 1935 of \$12,700,000 (\$17,000,000 in 1939). This group of commodities, in fact, constituted the principal United States agricultural export items upon which reductions in duty were secured. United States concessions on similar products imported from Canada covered a 1935 trade worth about \$1,100,000 (\$2,800,000 in 1939).

In the two agreements, Canada reduced its basic duty on all but a few fresh fruits and vegetables to 10 percent from the 1935 rates of 20 percent for most fruits and 30 percent for most vegetables. Most of the minimum specific duties in effect in 1935 were removed. In addition, for 10 fruits and 16 vegetables subject to seasonal advanced valuations in 1935, substantial reductions in these valuations were secured in the two agreements. With the removal of the special 3 percent excise tax in the 1939 agreement, reductions in total import charges below 1935 levels ranged from 29 to 67 percent on the fruit items, and from 45 to 92 percent on the vegetable items affected by advanced valuations. The value of the affected trade was \$4,200,000 in 1935 and \$6,300,000 in 1939.

Outstanding Canadian concessions on American fruits and vegetables not involving reductions in advanced valuations are those affecting oranges, grapefruit, lemons, and grapes.

Table 14. Fruits, Fresh: Canadian advanced valuations, total in-season charges, and seasons of application in effect in 1935, and under the 1936 and 1939 agreements

Description of commodity	Advanced valuation		Total in-season charge per pound		In-season period		Percentage reduction	
	1935	1938	1935	1938	1935	1938	1935	1938
	Cents	Cents	Cents	Cents	Number	Number	Percent	Percent
Apricots.....	2.0	1.6	3.4	2.6	d/ 5	e/ 40	40	22
Cherries.....	5.0	4.0	7.8	6.0	f/ 8	7	49	34
Peaches.....	1.75	1.4	2.7	2.1	c/ 1.8	10	34	15
Pears.....	1.25	1.0	2.2	1.7	c/ 1.4	22	37	18
Plums.....	1.25	1.0	1.8	1.4	c/ 1.2	11	34	13
Prunes.....	1.25	1.0	1.8	1.4	c/ 1.2	9	34	13
Strawberries.....	2.0	1.6	3.9	3.0	2.4	8	39	21
Raspberries and loganberries.....	3.0	2.4	5.5	4.2	2.9	8	46	30
Apples.....	1.0	0.8	1.8	1.4	g/ 1.3	52	29	8
Cantaloupes and muskmelons.....	4.0	h/3.2(2.0)	4.9	2.9	1.6	9	67	43

a/ In calculating the in-season charges, an arbitrary figure representing an invoice value per pound has been assigned to each item. These values are constant for the calculations in each column. To these values, advanced by the amounts shown under the heading "advanced valuation per pound," the following ad valorem duty rates have been applied, except as otherwise noted: 1935, 20 percent; 1938, 15 percent; new charge, 10 percent. The 1935 and 1938 calculations also included the special excise tax of 3 percent, applied to the duty-paid value. This 3-percent tax is not included in the new charge. b/ Items in this column were subject to the minimum specific duties. c/ The new 10-percent ad valorem duty is guaranteed for certain months. During the remaining parts of the year the 15-percent duty will apply because of commitments by Canada in favor of Australia and/or the Union of South Africa. d/ Six weeks in 1938. e/ Unlimited. f/ Ten weeks in 1938. g/ Duty is 15 percent ad valorem. h/ Figure in parenthesis represents effective 1938 rate resulting from voluntary Canadian reductions from 1936 agreement rates.

Table 15. Vegetables, Fresh: Canadian advanced valuations, total in-season charges, and seasons of application in effect in 1935 and under the 1936 and 1939 agreements

Description of commodity	Advanced valuation per pound		Total in-season charge per pound		In-season period		Percentage reduction in in-season charges which 1939 charges represent from	
	1935	1938	1935	1938	1935	1938	1935	1938
	Cents	Cents	Cents	Cents	no. of weeks	of weeks	Percent	Percent
Onions, n.o.p.	0.75	0.6	0.5	0.4	43	43	30	17
(other than onion: sets and shallots)								
Mushrooms, fresh...	5.0	4.0	2.0	1.5	52	52	69	50
Asparagus.....	5.5	4.4	4.0	3.2	8	8	47	21
Beans, green.....	2.5	2.0	1.5	1.2	16	16	55	33
Brussels sprouts...	1.0	n.v.	n.v.	0.4	29	29	90	46
Cabbage.....	2.5	2.0(1.0)	0.8	0.6	35	35	67	29
Carrots.....	2.5	2.0(1.5)	0.8	0.6	33	33	68	47
Beets, n.o.p.....	2.0	1.6(1.0)	1.0	0.8	33	33	54	14
Cauliflower.....	4.0	3.2(2.0)	1.5	1.2	23	23	62	30
Celery.....	1.0	0.8	0.8	0.6	31	31	46	7
Cucumbers.....	3.5	2.8	2.0	1.6	21	21	50	31
Lettuce.....	1.0	0.8	0.8	0.6	22	22	45	13
Peas, green.....	2.5	2.0	2.0	1.6	17	17	45	17
Rhubarb.....	2.0	1.6	1.0	0.8	52	52	55	38
Spinach.....	1.25	1.0	n.v.	0.8	26	26	92	89
Tomatoes.....	3.0	n.v.	n.v.	2.2	23	23	57	30

a/ In calculating the in-season charges, an arbitrary figure representing an invoice value per pound has been assigned to each item. These values are constant for the calculations in each column. To these values, advanced by the amounts shown under the heading "advanced valuation per pound," the following ad valorem duty rates have been applied, except as otherwise noted: 1935, 30 percent; 1938, 15 percent; new charge, 10 percent. The 1935 and 1938 calculations also include the special excise tax of 3 percent, applied to the duty-paid value. This 3-percent tax is not included in the new charges. b/ Figures in parentheses represent effective 1938 rates resulting from voluntary Canadian reductions from 1936 agreement rates; "n.v." means "no valuation." c/ Subject to minimum specific duties. d/ Duty is 30 percent ad valorem. e/ Unlimited. f/ Eleven weeks in 1938. g/ Exempt under 1936 agreement. h/ May be divided into two periods having a combined duration not to exceed the number of weeks shown. i/ Duty is 10 percent ad valorem, but not less than 1.5 cents per pound (bound against valuation).

Prior to the 1935 agreement the Canadian duty on oranges of 35 cents per cubic foot applied the year around. Under that agreement, oranges were admitted free of duty in the period January to April. The second agreement extended the free entry period to include the month of December. The 1939 agreement also provides that, when certain adjustments with other Empire countries can be made, Canada will designate the period January to July for the free entry of American oranges. This action has, in fact, been taken, effective April 1, 1941. For grapefruit, the first agreement with Canada secured a 50-percent reduction to 1/2 cent per pound on imports from the United States. This reduction was continued by the second agreement. United States lemons were assured continued free entry into Canada by both agreements.

Table 16. Changes in Canadian duties on fresh vegetables imported from the United States during out-of-season period, 1935 to 1939

Kind	Out-of-season rate of duty		
	1935 a/	1936 b/	1939 c/
	(Prior to first trade agreement):	(After first trade agreement):	(After second trade agreement)
	Percent ad valorem:	Percent ad valorem:	Percent ad valorem
Vegetables, fresh, in their natural state:	:	:	:
Asparagus.....	30	15	10
Beans, green.....	30	15	10
Beets.....	30	15	10
Cabbage.....	30	15	10
Carrots.....	30	15	10
Cauliflower.....	30	15	10
Celery.....	30	15	10
Cucumbers.....	30	15	10
Lettuce.....	30	15	10
Peas, green.....	30	15	10
Spinach.....	30	15	10
Tomatoes.....	30 - but not less than 2¢ per lb.	15 - but not less than 2¢ per lb.	10 - but not less than 1½¢ per lb.
Onion sets and shallots:	30 but not less	d/ 30	d/ 30
Onion, n.o.p.....	than 3/4¢ per lb.	:	:

Canadian Customs Regulations and Trade Agreements of 1936 and 1939.

a/ General Tariff rate; minimum specific rates, as follows:

Period	Per lb.	Period	Per lb.
Asparagus.....Apr. 15 - May 31	3¢	Cucumbers.....June 1 - Oct. 31	1¢
Beans, green... none	-	Lettuce.....Apr. 1 - Oct. 31	1½¢
Beets.....June 1 - Feb. 28	1¢	Peas, green... none	-
Cabbage.....June 15- Jan. 31	1¢	Spinach.....May 1 - Oct. 31	1¢
Carrots.....June 1 - Feb. 28	1¢	Tomatoes..... All year	2¢
Cauliflower....May 15 - Oct. 31	2¢	Onions..... All year	5/4¢
Celery.....July 1 - Feb. 28	2¢		

b/ Most-favored-foreign-nation rather than general rate applicable under terms of trade agreement with Canada, effective January 1, 1936; minimum specific rates waived on all fresh vegetables except tomatoes. c/ Most-favored-foreign-nation rate renewed under second trade agreement with Canada, effective January 1, 1939.

d/ Duty bound at 30 percent ad valorem.

Table 17. Changes in Canadian duties on fresh fruits imported from the United States during out-of-season period, 1935 to 1939

Kind	Out-of-season rate of duty		
	1935 a/	1936 b/	1939 c/
	(Prior to first trade agreement)	(After first trade agreement)	(After second trade agreement)
	Percent ad valorem	Percent ad valorem	Percent ad valorem
Fruits, fresh, in their natural state:			
Apples.....	20	15	15
Apricots.....	20	15	10
Cantaloupes & muskmelons:	20	15	10
Cherries.....	20	15	10
Cranberries.....	20	15	10
Peaches.....	20	15	10
Pears.....	20	15	10
Plums and prunes.....	20	15	10
Quinces and nectarines..	20	15	10
Raspberries & loganberries	20	15	10
Strawberries.....	20	15	10
Berries, edible, n.o.p..	20	15	10
Fruits, fresh, n.o.p....	20	15	10
	<u>Cents per pound</u>	<u>Cents per pound</u>	<u>Cents per pound</u>
Grapefruit, n.o.p.....	1	$\frac{1}{2}$	$\frac{1}{2}$
Grapes, fresh:			
July to January, inc....	2	$1\frac{1}{2}$	1
February to June, inc....	2	$1\frac{1}{2}$	$1\frac{1}{2}$
	<u>Cents each</u>	<u>Cents each</u>	<u>Cents each</u>
Melons, n.o.p.....	3	$2\frac{1}{2}$	2
	<u>Cents per cu. ft.</u>	<u>Cents per cu. ft.</u>	<u>Cents per cu. ft.</u>
Oranges, n.o.p.:			
January to April, inc....	35	Free	---
December to April, inc.d/	35	---	Free
Other months.....	35	35	35
Lemons.....	Free	Free	Free
Pineapples.....	Free	Free	Free
Avocados or alligator pears.....	20% ad valorem	Free	Free

Canadian Customs Regulations and Trade Agreements for 1936 and 1939.

a/ General Tariff rate; minimum specific rates, as follows:

Period	Per lb.	Period	Per lb.
Apples.....All year	$\frac{3}{5}\phi$	Plums & prunes.....July 15-Oct. 31	$\frac{3}{4}\phi$
Apricots.....June 15-Aug. 15	1ϕ	Quinces & nectarines All year	1ϕ
Cantaloupes.....July 20-Oct. 31	$1\frac{1}{2}\phi$	Raspberries.....June 1-July 31	3ϕ
Cherries.....All year	2ϕ	Loganberries.....June 1-July 31	3ϕ
Cranberries.....All year	$2\frac{1}{2}\phi$	Strawberries.....June 1-July 31	3ϕ
Peaches.....July 20-Oct. 1	$1\frac{1}{2}\phi$	Berries, n.o.p..... All year	2ϕ
Pears.....Aug. 1-Dec. 31	$\frac{3}{4}\phi$		

b/ Most-favored-foreign-nation rather than general rate applicable under terms of trade agreement with Canada, effective January 1, 1936; minimum specific rates waived on all fresh fruits. c/ Most-favored-foreign-nation renewed under second agreement with Canada, effective January 1, 1939. d/ Canada reserved the right to substitute the months January to July and, effective April 1, 1941, altered and extended the duty-free period accordingly.

In 1935, Canada imported fresh grapes from the United States under a duty of 2 cents per pound. In the first agreement the duty was reduced to 1.5 cents per pound; and in the second agreement the duty was further reduced to 1 cent per pound for the months July to January. Prior commitments to Australia and South Africa prevented the second reduction from applying to the whole year.

Reductions in the duties on rutabagas and potatoes were the principal concessions on vegetables given Canada by the United States. The United States duty on rutabagas and turnips was reduced from 25 cents per 100 pounds to 12.5 cents in the 1936 agreement and remained at the lower figure in that of 1939. The duty on green peas was also reduced seasonally. Reductions in duties on beets, carrots, cauliflower, and radishes were included in the second agreement. With reference to concessions on fruits, the United States tariff on apples, strawberries, and cherries was reduced in 1936 while the rates of duty on berries were cut in the 1939 agreement.

Included in the items on which the United States granted concessions were certain products in which there is a two-way trade with Canada. Apples probably represent the best-known instance of this type. In considering apples, however, it is important to recall that (1) up to 1940, United States apple exports to Canada were always larger than the imports from Canada, and (2) in order to secure more favorable treatment for United States apples in the important United Kingdom market, it was necessary to secure the consent of Canada to a reduction in the margin of the British tariff preference which favored Canadian and other Empire apples.

In the 1936 agreement, Canada reduced the basic duty on apples to 15 percent from 20 percent, and reduced the seasonal advanced valuation to 0.8 cent from 1 cent per pound. These rates were continued in the 1939 agreement. On the United States side, the 1930 Tariff Act rate of 25 cents per bushel (50 pounds) was reduced to 15 cents in the 1936 agreement and was not altered in the 1939 agreement.

Potatoes represent the outstanding reciprocal concession item in the vegetable group. The United States duty in the 1930 Act on potatoes, both certified seed and other, was 75 cents per 100 pounds. Under the terms of the 1939 agreement, the rate on certified seed is now 37.5 cents per 100 pounds on imports of 1.5 million bushels in any quota year beginning September 15. On other (table) potatoes, the rate is 37.5 cents in the period March-November, and 60 cents per 100 pounds in the December-February period, both rates to apply to imports totaling no more than 1,000,000 bushels from all countries (except Cuba) in the quota year indicated, unless the total United States crop is placed at less than 350,000,000 bushels. Canada, on the other hand, placed all white potatoes on the free list, except for the period June 16 to July 31, when the rate is 37.5 cents per 100 pounds.

Table 18. Changes in United States import duties on specified fresh vegetables imported from Canada, 1935 to 1939

Par. :	Tariff:	Kind	Rate of Duty		
			1935	1936	1939
Act of:			(Prior to first:	(After first	(After second
1930 :			trade agreement)	trade agreement)	trade agreement)
:			a/	b/	c/
:			Percent	Percent	Percent
:			ad valorem	ad valorem	ad valorem
766	:	Beets (other than sugar):	17	17	10
774	:	Carrots-in natural state:	50	50	25
	:	Cauliflower " " :	50	50	25
	:	Radishes " " :	50	50	25
	:		Cents per pound	Cents per pound	Cents per pound
769	:	Peas, green or unripe:			
	:	Oct. 1 to June 30 :	d/ 3.9	3.9	3.9
	:	July 1 to Sept. 30 :	d/ 3.9	2.0	2.0
	:		Cents per	Cents per	Cents per
	:		100 pounds	100 pounds	100 pounds
773	:	Rutabagas and turnips...	25	12.5	12.5
771	:	White or Irish potatoes:			
	:	Certified seed:			
	:	Mar. 1 to Nov. 30 :	75	e/ 45	f/ 37.5
	:	Dec. 1 thru Feb. :	75	e/ 60	f/ 37.5
	:	Other:			
	:	Mar. 1 to Nov. 30 :	75	75	g/ 37.5
	:	Dec. 1 thru Feb. :	75	75	g/ 60.0

a/ Rates established by 1930 Tariff Act, effective June 18, 1930. b/ Effective January 1, 1936. c/ Effective January 1, 1939. d/ Raised from 3 cents per pound by Presidential Proclamation, effective January 1, 1932. e/ Reduced rates applied to a maximum import from all countries of 750,000 bushels (of 60 pounds each) per year beginning December 1. f/ Reduced rates apply to a maximum import from all countries of 1,500,000 bushels (of 60 pounds each) per year beginning September 15. The rate from December 1 through February was not lowered until December 23, 1939. The rate of 75 cents per 100 pounds for any excess over 1,500,000 bushels is bound against increase. g/ Reduced rates apply to 1,000,000 bushels (of 60 pounds each) per year beginning September 15, plus, in years of short domestic crops, an amount which varies with the crop. When the estimate of the domestic crop (including seed potatoes) as of September 1 is less than 350,000,000 bushels (of 60 pounds each), the difference between the estimate and 350,000,000 bushels is added to the 1,000,000 bushels to obtain the global quantity which may be imported at the reduced rate. Potatoes from Cuba are excluded from this global quota. The rate of 75 cents per 100 pounds for imports in excess of the global quota is bound against increase.

Table 19. Changes in United States import duties on specified fresh fruits imported from Canada, 1935 to 1939

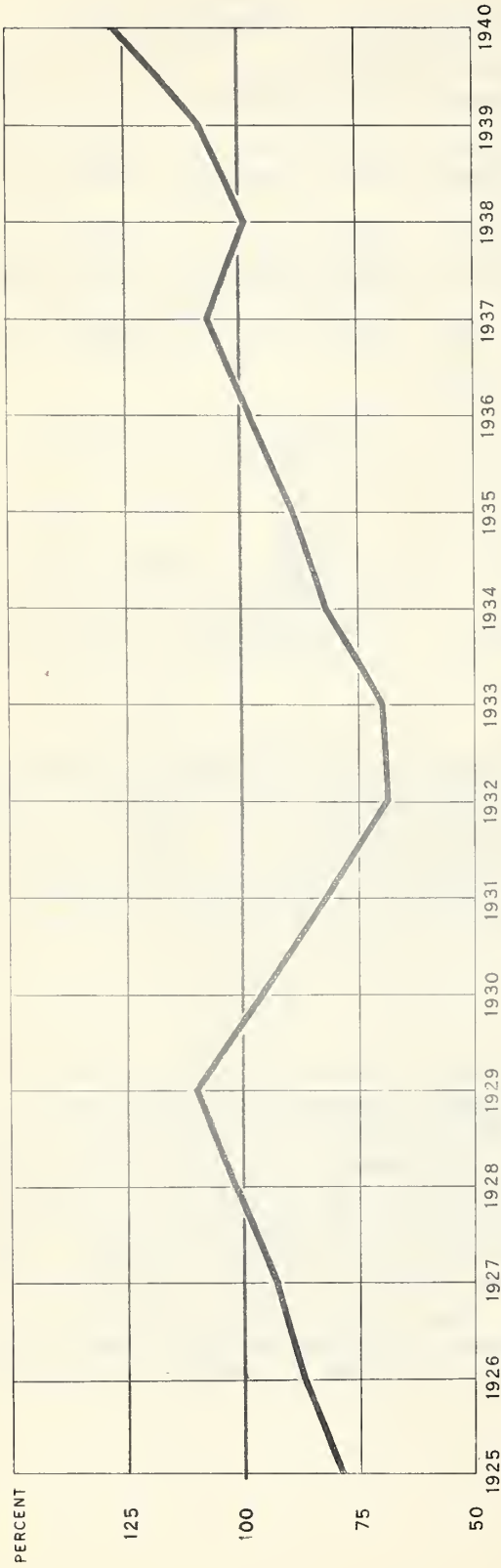
Par.	Kind	Rate of Duty		
		1935	1936	1939
		(Prior to first	(After first	(After second
		trade agreement)	trade agreement)	trade agreement)
Act of:				
1930 :		a/	b/	c/
		Cents per bu.	Cents per bu.	Cents per bu.
		(of 50 lbs.)	(of 50 lbs.)	(of 50 lbs.)
734	: Apples, green or ripe...	25	15	15
		Cents per lb.	Cents per lb.	Cents per lb.
736	: Berries, edible,			
	: n.s.p.f.....d/.....:			
	: Blueberries.....:	1.25	1.25	1.00
	: Strawberries.....:	1.25	0.75	0.75
	: Lingon or Partridge			
	: berries	1.25	1.25	e/ 0.625
	: Other.....:	1.25	1.25	0.75
737	: Cherries in natural state	2.00	1.00	f/ 1.00
		Percent	Percent	Percent
		ad valorem	ad valorem	ad valorem
736	: Blueberries - frozen			
	: n.s.p.f.....g/.....:	35	25	17.5
	: Berries, edible -			
	: frozen, n.s.p.f.	35	35	17.5

a/ Rates established by 1930 Tariff Act, effective June 18, 1930. b/ Effective January 1, 1936. c/ Effective January 1, 1939. d/ In natural condition or brine. e/ Reduced rate, effective January 1, 1939, under the trade agreement with the United Kingdom applies also to imports from Canada. f/ Reduced rate restricted to cherries in their natural state, not in air-tight or water-tight containers. g/ Also prepared or preserved, but not in brine and not dried, desiccated, or evaporated.

Other items upon which both countries granted concessions include strawberries, cherries, and unspecified fresh berries. The vegetable products so treated were garden beets, green peas, carrots, radishes, and cauliflower. The Canadian concessions on strawberries and cherries include reductions in the advanced valuations as well as in the basic duties (to 10 percent ad valorem). The unspecified berries now pay only the 10 percent duty. On the United States side, reductions of 50 percent were made in the duties on strawberries and cherries. The reduction in the rate on unspecified berries also was substantial. The trade in these fruits in either direction is relatively small, with exports to Canada running considerably larger than American imports from Canada. The same situation prevails in the vegetables mentioned.

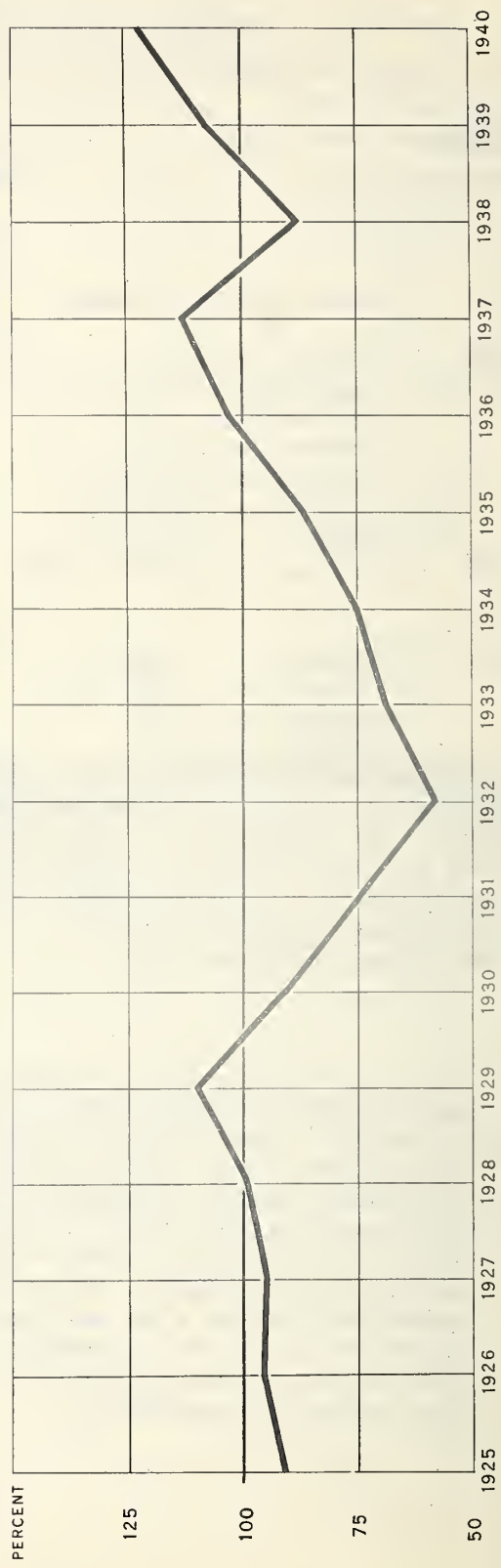
CANADA: PHYSICAL VOLUME OF BUSINESS

1935-39 : 100



UNITED STATES: INDUSTRIAL PRODUCTION

1935-39 : 100



Effect of Agreements on the Trade

Changes in the flow of trade are constantly being brought about by a great variety of influences. To measure the changes brought about as a result of trade agreements, therefore, it is necessary to separate these changes from those of other important factors operating simultaneously with the agreements. In particular, it is important to distinguish between trade increases due to generally improved business conditions and trade increases due directly to lessened trade barriers.

One approach is to compare imports entering at reduced rates of duty with imports of the same commodity entering at unchanged rates of duty. Opportunities for such comparison do not occur for all of the commodities affected. They do occur, however, for commodities which bulk large in the trade. Either the reductions in duties were applied during only part of the year (so that comparison can be made between increases for that part of the year and increases for the balance of the year) or reductions were granted by Canada on imports from the United States but not on imports from other countries (so that comparison can be made on this basis). An examination of these figures suggests the conclusion that a very substantial part of the increase in trade of the post-agreement years is directly attributable to the reductions in duties.

About half of the value of United States exports of fresh fruits to Canada is accounted for by oranges (\$5,000,000 in 1935, \$5,600,000 in 1939), upon which a Canadian duty of 35 cents a cubic foot (about 70 cents a box) was removed by the first agreement for the four-month period, January to April, of each year. In the second agreement the month of December was added. Canadian imports of oranges from the United States during the January-April period in the three years of operation of the first agreement were 56 percent in quantity above their average level during comparable periods in the three years immediately preceding the agreement. Imports during the remaining months of the year in which the duty was unchanged rose only 16 percent. 6/ (See chart on p. 39)

In interpreting these figures allowance must be made for the possibility that importers would arrange to receive part of what ordinarily might be their May arrivals during April, in order to take advantage of the duty-free period which ended on April 30, since the saving in duty would more than pay for the storage. This procedure has been followed to some extent. Information on unloads in 12 Canadian markets indicates that, after the 1936 agreement, April unloads included an additional supply of

6/ Frost damage to the California Valencia crop in 1937 reduced exports during the summer of that year. This tended to increase the percentage rise in favor of the duty-free period in that year but, in turn, reduce the total season's shipments.

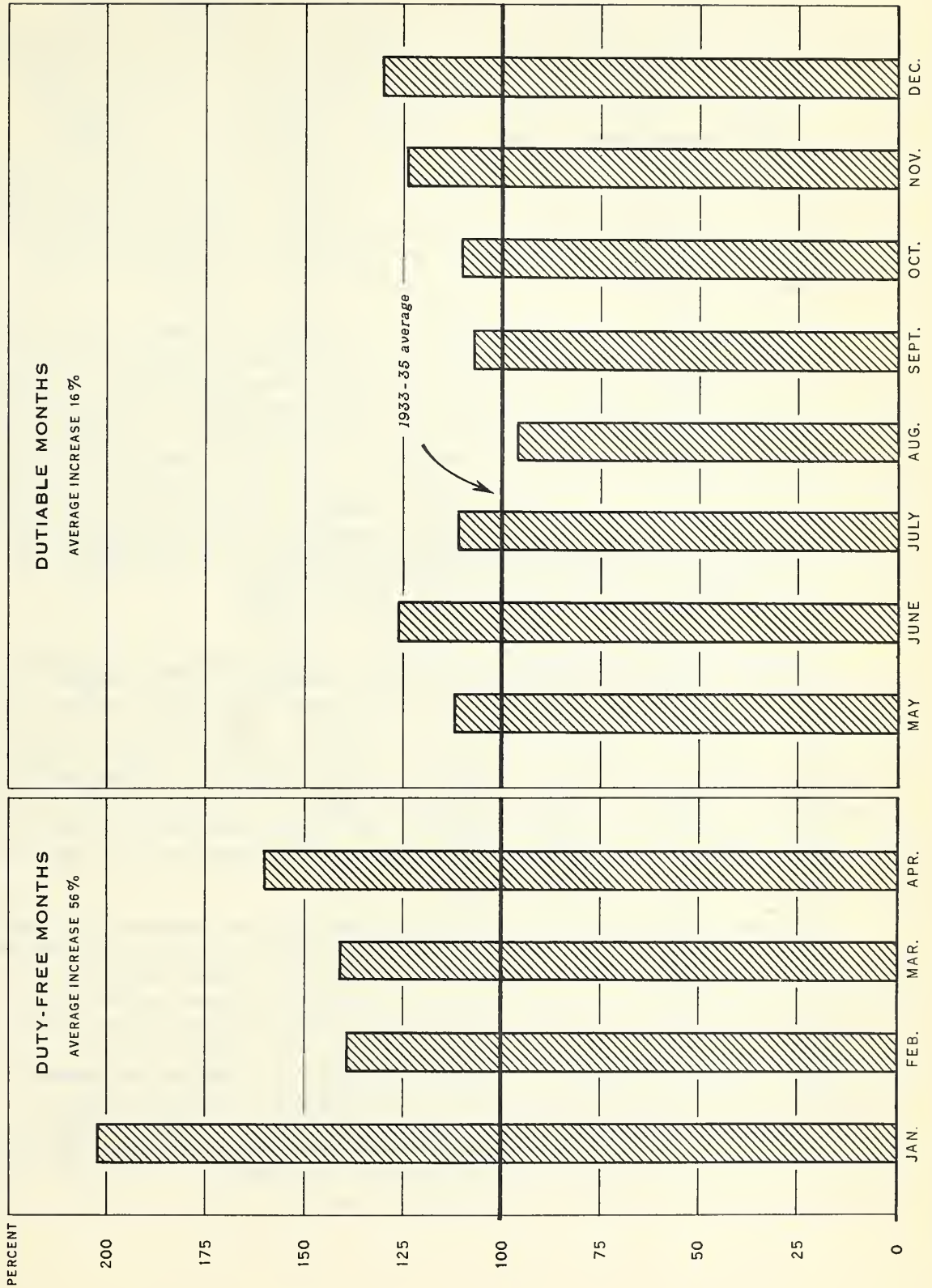
oranges, which would have been shipped during the early part of May had not shipments been advanced in anticipation of the duty change. An examination of the statistics indicates that the additional unloads in April amounted to about a two weeks' supply of fruit for sale during May. Prior to the agreement, slightly more than 50 percent of total April and May unloads arrived in the month of April. For 1936 and subsequent years the percentages of the total arriving in April are as follows: 1936, 82.0; 1937, 67.9; 1938, 80.4; 1939, 81.7; and 1940, 79.9. On the other hand, it is improbable that any significant amount of what would ordinarily be December arrivals could be retarded in order to take advantage of the duty-free entry permitted during January since most December imports are for the Christmas trade. The movement immediately after Christmas is usually at a relatively low level.

In the light of the foregoing, it would appear that allowance for the advancing or retarding of arrivals could be made by using the period January to May as a basis for comparison instead of the duty-free period of January to April. This comparison likewise gives a greater percentage rise for the period January to May than for the remainder of the year (46 percent for the former and 16 percent for the latter), indicating that shifting the dates of arrivals cannot have been an important cause of the favorable showing in the expansion of imports during the months of reduced duty.

Assuming that, if the duty had remained in effect for the entire year, the percentual rise in the January-April period would have been the same as that in the May-December period, Canadian imports of United States oranges during the three agreement years would have averaged at least \$600,000 per year less than they actually did. It seems fair to attribute about this amount to the direct effect of the reduced duty. This makes no allowance for the indirect effects of the trade agreements as a whole, which was partially responsible for the improvement in general Canadian economic conditions to which the rest of the increase in oranges shipped is attributable.

The figures for 1939, after the second agreement went into effect, show both a further increase during the January-April period and an unusually big increase in December, the free period added by the new agreement. Canadian imports of United States oranges during December 1939 were 60 percent above their average level during the three preceding Decembers. This compares with a rise of 23 percent during the duty months of 1939 (May-November) over the average for corresponding months of the three preceding years. Following the same sort of assumption as in the preceding paragraph, additional exports of oranges to Canada valued at about \$125,000 are attributable to the direct effect of the new agreement during the month of December 1939 alone.

U. S. MONTHLY EXPORTS OF ORANGES TO CANADA: PERCENTAGE 1936-38 AVERAGE IS OF 1933-35 AVERAGE



In the case of grapefruit, which is usually the second most important fresh fruit export from the United States to Canada, a 50-percent reduction in duty under the agreement is in effect throughout the year so that a comparison with full-duty months is not possible. However, the United States has supplied a steadily rising percentage of the Canadian market during post-agreement years. In 1935, just before the first agreement went into effect, the United States supplied 84 percent of the market, the trade totaling 31.5 million pounds and valued at about \$772,000. During 1939, the United States supplied 94 percent, shipping slightly over 63 million pounds with a total value of \$1,140,000. The sharp increase in United States production of grapefruit since 1935, with resulting lower prices, also contributed to the rise in United States exports.

Comparisons of the trade in most of the smaller items of the trade on which concessions were received also indicate that a substantial portion of the rise in exports from 11.1 million dollars annually to 16.4 million that has taken place during the period of the operation of the agreement may be attributed to the direct effects of the agreements. A number of these increases were substantial. For example, in 1936 when the duty was reduced by 25 percent, United States exports of grapes, the principal non-citrus fruit, amounted to over 25 million pounds, compared with 19 millions in 1935. In 1937 and 1938 the volume increased to more than 30 million pounds annually. In 1939 when the duty was reduced to 50 percent of the 1935 level, shipments totaled nearly 33 million pounds. The increase in value was from \$624,000 in 1935 to \$1,004,000 in 1939.

Concessions in the trade agreements on fresh vegetables consisted of reductions in both the out-of-season and in-season rates of duty. The expansion of United States exports of these items since 1935, both as to quantity and value, indicates that duty reductions contributed to an increase in trade. Compared with the year 1935, exports in 1936 rose in volume by 43 and in value by 22 percent, while in 1939 the volume had increased by 74 and the value by 57 percent above the 1935 levels. Compared with the average for the 3 years prior to the first agreement, 1933-1935, vegetable shipments increased on an average by 59 percent in both volume and value during the following 3 years.

Lettuce and tomatoes are the leading vegetables exported to Canada from the United States. In 1936, following reduction in the Canadian duty, exports of American lettuce totaled over 39 million pounds compared with 32 million pounds in 1935 and this total increased to over 44 million pounds by 1939 in which year Canadian import charges were further reduced. In value, lettuce exports to Canada amounted to \$677,000 in 1935; \$664,000 in 1936; and \$886,000 in 1939. Exports of tomatoes to Canada amounted to over 15 million pounds in 1936 compared with less than 6 million pounds in the previous year, while the total for 1939 reached almost 25 million pounds. In value, 1935 tomato exports totaled \$292,000 compared with \$536,000 for 1936 and \$854,000 for 1939.

Table 20. Canada: Imports of specified fresh vegetables from the United States, calendar year averages 1933-35, 1936-38, annual 1935, 1936, and 1939

Commodity	Average		Annual		
	1933-35:	1936-38:	1935 :	1936 :	1939
	1,000 :	1,000 :	1,000 :	1,000 :	1,000
<u>QUANTITY</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Asparagus.....	1,087:	1,755:	901:	2,302:	1,884
Beans, green.....	a/ :	5,548:	a/ :	4,394:	6,130
Beets, except sugar.....	1,467:	2,412:	1,221:	1,987:	2,748
Cabbage.....	13,426:	21,180:	11,973:	19,022:	18,281
Carrots.....	12,394:	18,058:	13,227:	17,046:	20,160
Cauliflower.....	a/ :	6,251:	a/ :	3,143:	8,325
Celery.....	12,673:	19,042:	12,917:	16,378:	21,179
Cucumbers.....	1,190:	1,848:	1,782:	1,929:	2,087
Lettuce.....	28,991:	38,936:	32,221:	39,014:	44,312
Mushrooms.....	4:	2:	2:	1:	7
Onions.....	2,577:	10,321:	2,277:	6,496:	8,541
Peas.....	a/ :	2,229:	a/ :	2,050:	3,642
Spinach.....	4,237:	7,211:	4,561:	7,038:	7,949
Tomatoes.....	8,862:	19,406:	5,744:	15,483:	24,788
Other fresh vegetables b/..	14,931:	7,688:	15,637:	10,653:	7,787
Total.....	101,839:	161,887:	102,463:	146,936:	177,820
	1,000 :	1,000 :	1,000 :	1,000 :	1,000
	U. S. :	U. S. :	U. S. :	U. S. :	U. S. :
<u>VALUE</u>	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>	<u>dollars</u>
Asparagus.....	66:	107:	68:	145:	99
Beans, green.....	a/ :	251:	a/ :	201:	287
Beets, except sugar.....	32:	49:	30:	42:	59
Cabbage.....	184:	298:	235:	238:	274
Carrots.....	195:	318:	226:	257:	350
Cauliflower.....	a/ :	109:	a/ :	61:	136
Celery.....	323:	490:	416:	435:	546
Cucumbers.....	55:	82:	75:	81:	92
Lettuce.....	608:	813:	677:	664:	886
Mushrooms.....	1:	1:	1:	1:	2
Onions.....	72:	206:	70:	120:	149
Peas.....	a/ :	101:	a/ :	94:	134
Spinach.....	110:	154:	148:	155:	163
Tomatoes.....	349:	663:	292:	536:	854
Other fresh vegetables b/..	464:	270:	514:	333:	282
Total.....	2,459:	3,912:	2,752:	3,363:	4,313

Compiled from Trade of Canada, calendar years. Value converted to United States dollars at yearly average rate of exchange.

a/ If any, included in "other fresh vegetables."

b/ Excludes potatoes, sweet potatoes, and beets for sugar.

On the side of imports into the United States, fresh vegetables and fruit imports from Canada upon which the United States granted concessions averaged \$1,470,000 annually in the period 1933-1935. By 1936-1939 the average was up to \$2,317,000. In 1939, imports of these commodities were worth \$2,786,000.

White potatoes (certified seed and other) and turnips or rutabagas represented more than 82 percent of the total Canadian fruit and vegetable shipments to the United States for 1939, and accounted for nearly the entire imports of vegetables. Fresh and frozen blueberries represented about 67 percent of the imported fruit items, with apples, cherries, and strawberries next in importance.

In the fruit group, the outstanding increase in imports of fresh and frozen blueberries, especially the latter, began after the first agreement with Canada. Frozen blueberries represent a relatively new article of international commerce, and show a tendency to supersede the fresh product in the imports from Canada. In 1935, the first year in which the imports were separately reported, the United States received Canadian frozen blueberries valued at \$63,000. In 1939 such imports were valued at \$241,000. Between 1935 and 1939, the value of fresh blueberries declined from \$137,000 to \$82,000.

The imports of the other fruit items upon which the United States granted concessions show no specific trend that can be associated with the agreements. Imports of strawberries and cherries have fluctuated within wide limits in response to current price developments. The sharp increase in imports of apples in 1940 is covered in detail elsewhere in this report.

Admission of certified seed potatoes at lower rates of duty has resulted in a fairly consistent use of the quotas on that item. They were set at 750,000 bushels and 1,500,000 bushels in the 1936 and 1939 agreements respectively. The imported supplies make possible the planting of many acres with certified seed which otherwise would not have access to such seed, for geographic or other reasons.

Compared with total United States supply, the volume of table potatoes moving from Canada to the United States is insignificant and is largely determined by the level of prices in United States markets. Thus, the 1939 concession on potatoes other than certified seed was followed by a sharp decline in imports. The basic quota (1,000,000 bushels) set upon imports from Canada represents a fractional contribution to total United States supply. So far, no United States potato crop has been so small (under 350,000,000 bushels) as to allow additional imports of the difference between the amount of the crop and 350,000,000 at the lower rate of duty, as provided by the 1939 agreement.

Table 21. United States: Imports of specified fresh fruits and vegetables from Canada, calendar year averages 1933-35, 1936-39, annual 1935, 1936, and 1939

Commodity	Average		Annual		
	1933-35:	1936-39:	1935	1936	1939
	1,000	1,000	1,000	1,000	1,000
QUANTITY	pounds	pounds	pounds	pounds	pounds
Fruits					
Apples a/.....	9	20	5	19	46
Berries, natural or in brine:					
Blueberries.....	2,613	3,286	2,243	3,973	1,584
Strawberries.....	b/	736	0	611	378
Other berries.....	c/ 544	495	775	541	d/ 271
Blueberries, frozen.....	e/	2,445	1,345	2,122	4,278
Other frozen berries.....	e/	38	14	7	34
Cherries, natural.....	161	62	77	104	648
Vegetables					
Beets, table.....	18	52	52	156	1
Peas, green.....	51	0	53	0	0
Potatoes, seed.....	17,203	44,849	6,665	43,752	78,092
Potatoes, other.....	41,202	14,249	14,249	28,198	15,357
Turnips and rutabagas....	94,588	124,920	99,330	139,677	107,689
Carrots.....	f/	120	f/	279	269
	1,000	1,000	1,000	1,000	1,000
VALUE	dollars	dollars	dollars	dollars	dollars
Fruits					
Apples.....	10	39	6	33	72
Berries, natural or in brine:					
Blueberries.....	154	225	137	277	82
Strawberries.....	b/	59	0	54	26
Other berries.....	c/ 39	26	59	27	d/ 15
Blueberries, frozen.....	e/	149	63	116	241
Other frozen berries.....	e/	2	1	1	1
Cherries, natural.....	16	7	9	9	44
Total fruits.....	219	507	275	517	481
Vegetables					
Beets, table.....	g/	g/	g/	1	g/
Peas, green.....	2	0	3	0	0
Potatoes, seed.....	261	689	66	704	1,239
Potatoes, other.....	521	251	165	478	223
Turnips and rutabagas....	614	866	541	919	839
Carrots.....	f/	1	f/	2	3
Other fresh vegetables...	3	3	3	4	1
Total vegetables.....	1,401	1,810	778	2,108	2,305
Total fruits and vegetables:	1,620	2,317	1,053	2,625	2,786

Office of Foreign Agricultural Relations.

a/ Thousands of bushels of 50 pounds each. b/ Included in "Other berries," 1933 and 1934. c/ Included strawberries up to 1935. d/ Includes 256,000 pounds of lingon or partridge berries. e/ Not separately reported prior to 1935. f/ Not separately reported prior to 1936. g/ Less than \$500.

Reduction of the duty on turnips and rutabagas was followed by a generally sustained higher level of annual imports. This item has been valued at close to \$1,000,000 annually and, in recent years, has been higher in value than the annual imports of certified seed potatoes.

The United States concessions granted on other vegetable items had little influence on the trade value or volume. Imports of beets and carrots seldom have been worth more than \$1,000 or \$2,000 annually, while the value of all other fresh vegetables, including the concession items, radishes, cauliflower, and carrots, usually have been worth less than \$4,000.

The public interest displayed in the concessions granted and received by the United States on apples warrants somewhat more detailed comment on the reciprocal trade in that item. In 1935, Canadian imports of United States apples were worth \$95,000, while United States imports from Canada were valued at only \$6,000. In 1936 Canadian imports of United States apples were worth \$170,000 and United States imports from Canada valued at \$33,000. At the time of the second agreement, 1937 was the latest year for which complete figures were available. They showed Canadian imports of United States apples worth \$250,000, and United States imports of Canadian apples worth \$39,000. After the 1939 agreement, Canadian import charges on United States apples were about 30 percent lower than in 1935. Every effort was made to secure additional reductions in the Canadian import charges on apples, but the more favorable treatment secured for United States apples in the United Kingdom market (a cut of $33\frac{1}{3}$ percent in the United Kingdom duty) prevented the securing of further concessions from Canada.

Exports of United States apples to Canada continued for a number of years to exceed United States imports of apples from Canada under the reciprocal duty reductions granted in the trade agreements. This situation prevailed up to the 1940-41 season despite the fact that the United States duty represented a much small ad valorem charge than did the Canadian duty. In that season British Columbia shipped about 657,852 boxes (568,041 bushels of 50 pounds) of apples to the United States, chiefly of the Jonathan and Delicious varieties. Two factors are largely responsible for this sharp increase in United States imports from Canada. One of these was the distribution of sizes in the Canadian and United States crops. British Columbia had a large crop of preferred sizes of these varieties while the crop in Washington ran abnormally to large size fruit, a fact which served to stimulate the interest of the American trade in British Columbia supplies. The other factor was the cutting off of Canada by the war from its principal export markets. The influence of this factor is seen in the fact that Canadian imports of the United States were mainly of Jonathans.

Normally the bulk of the crop of this variety is exported and a limited demand is said to exist for it within Canada itself. Moreover, the Jonathan variety is produced almost entirely in the British Columbia apple area where processing facilities are limited. Because of these facts, the Canadian Government was less able to dispose of the surplus of Jonathans within Canada than with other varieties.

In the course of consultation on the apple situation early in November between Canadian and United States officials, an understanding was reached that not more than 650,000 boxes of Canadian apples would be shipped to American markets and, within practical limits, this agreement has been adhered to by Canadian shippers. On the basis of sales in the Chicago auction market where the bulk of British Columbia auction sales were made, it may be concluded that, contrary to popular belief, Canadian apples did not undersell American apples of comparable variety, size, and grade.

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APPENDIX

Canadian System of Advanced Valuations

The Canadian tariff system as applied to imports of fresh fruits and vegetables is complicated by the special charges that are levied during the marketing season for local produce as a means of protecting Canadian producers. These special charges not only vary from year to year in the date of application and their effective period but are applied on a regional rather than a Dominion basis.

The basic rate of duty on most fresh fruits and vegetables imported into Canada from the United States is an ad valorem duty. Under the terms of the Trade Agreement of 1939, a rate of 10 percent ad valorem applies to most of these items. Using an assumed invoice value, which, in the example below, may or may not compare closely with actual invoice values, computation of the basic duty is as follows:

	<u>Pears</u>
Invoice value per pound (assumed)	2.50¢
Ad valorem duty 10 percent.....	0.25
Total duty per pound.....	0.25

For apples, where the ad valorem rate is 15 percent, the calculation is:

	<u>Apples</u>
Invoice value per pound (assumed)	2.00¢
Ad valorem duty 15 percent.....	0.30
Total duty per pound.....	0.30

These duties apply to imports during the so-called "out" season.

As a means of granting special protection to Canadian producers during the marketing season for the various local fruits and vegetables, the Canadian Government applies a system of advanced valuations over invoice values. The resulting higher valuations are the bases upon which regular and special seasonal duties are calculated. For pears, the advanced valuation is 1.00 cent per pound, which, added to the assumed

invoice value of 2.50 cents, makes the valuation for duty purposes 3.50 cents per pound. The total in-season duty on imports is thus computed as follows:

Invoice value per pound (assumed)	.....2.50¢
Advanced valuation per pound.....	<u>1.00</u>
Value for duty.....	3.50¢

Ad valorem duty 10 percent	
Basic duty per pound.....	0.35
Seasonal extra duty (advanced valuation)per pound.....	<u>1.00</u>
Total duty, in-season period, per pound..	1.35¢

The duty for apples is arrived at similarly 7/:

Invoice value per pound (assumed)	.....2.00¢
Advanced valuation per pound.....	<u>0.80</u>
Value for duty.....	2.80¢

Ad valorem duty 15 percent.	
Basic duty per pound.....	0.42
Seasonal extra duty (advanced valuation per pound.....	<u>0.80</u>
Total duty, in-season period, per pound....	1.22¢

7/ The use of the advanced valuation charge as a seasonal extra duty is possible only when that valuation is less in amount than the invoice value. If it exceeds the invoice value, as in numerous cases it may, only half the "value for duty" item above may be used as a seasonal extra duty. In the example of apples, assuming that the advanced valuation per pound were 3.00 cents instead of 0.80 cents, the duty would be calculated as follows:

Invoice value per pound (assumed)	.....2.00¢
Advanced value per pound (assumed).....	<u>3.00</u>
Value for duty.....	5.00¢

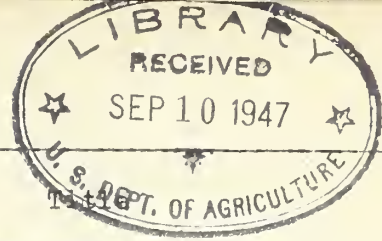
Ad valorem duty 15 percent	
Basic duty per pound.....	0.75
Seasonal extra duty (advanced valuation per pound.....	<u>2.50</u>
Total duty, in-season period, per pound	3.25¢

For purposes of applying the higher in-season duty, Canada is divided into three regions: The Maritime Provinces, which include Nova Scotia, New Brunswick, and Prince Edward Island; the Provinces of Ontario and Quebec; and Western Canada, which includes the Provinces of Manitoba, Saskatchewan, Alberta, and British Columbia. The effective date of the higher duties is fixed according to the time when the produce from the region concerned comes to market. For this reason, the effective dates for the three regions differ. For example, in 1940 the higher duty on cherries went into effect on June 8 and ended on July 24 for Western Canada; for Ontario-Quebec the dates were June 14 and August 2; while the dates applicable to imports of cherries into the Maritime Provinces were July 24 and September 11, respectively.

Variations in growing conditions from year to year require that the dates of the beginning of the higher in-season duties be flexible; but under the terms of the 1939 Trade Agreement with Canada, the maximum number of weeks annually during which the higher duties may be applied has been established. As a rule, the advanced valuation is put into effect each year in the particular region when local produce begins to move to market and is removed as soon as local supplies dwindle. Usually the effective period varies only slightly from year to year, but the tendency for most products has been toward shorter periods.

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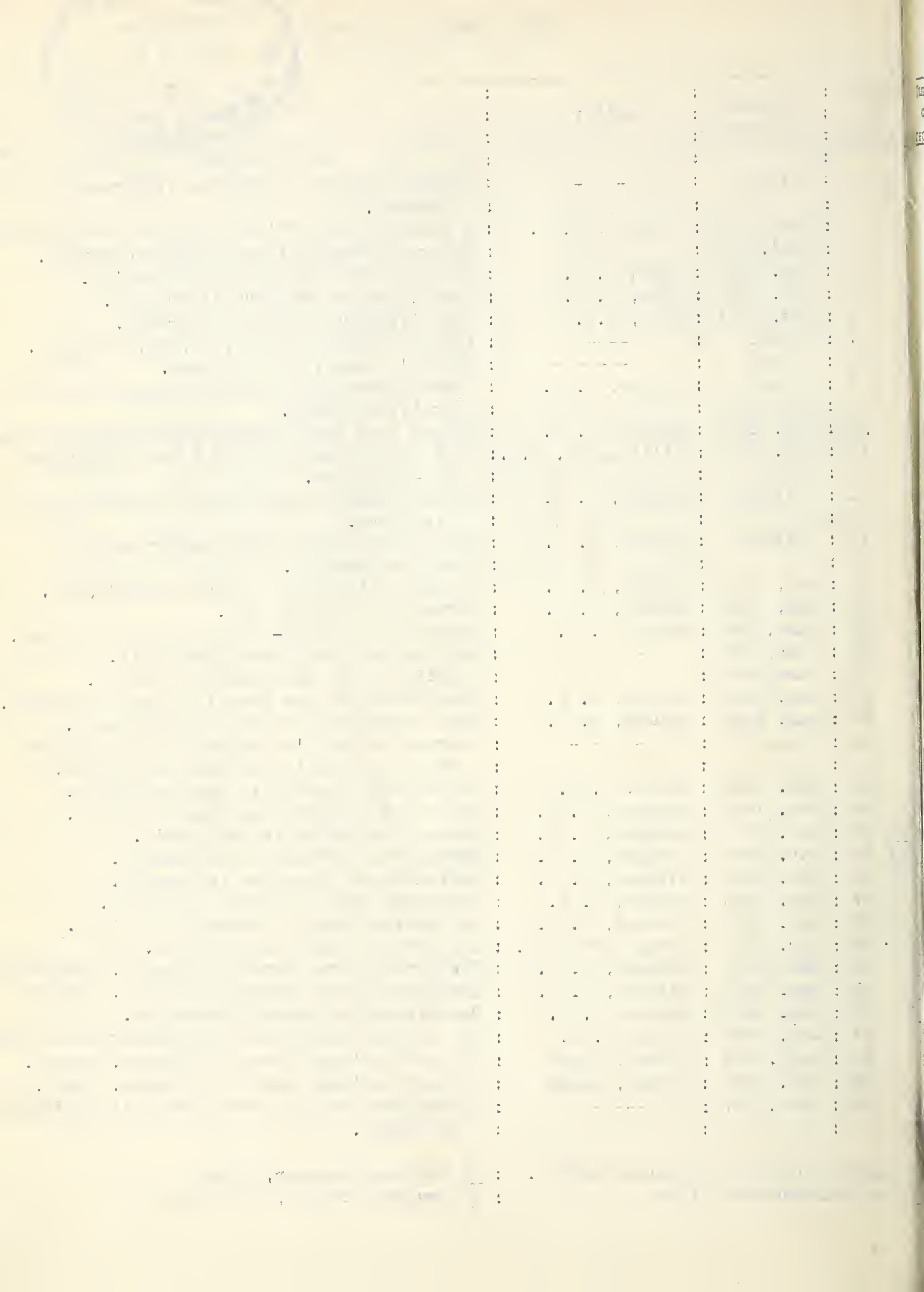
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33	Jan. 1924	Foley, E. A.	The Almond Industry in the Mediterranean Basin.
34	Sept. 1924	Hobson, Asher	The Agricultural Survey of Europe. France.
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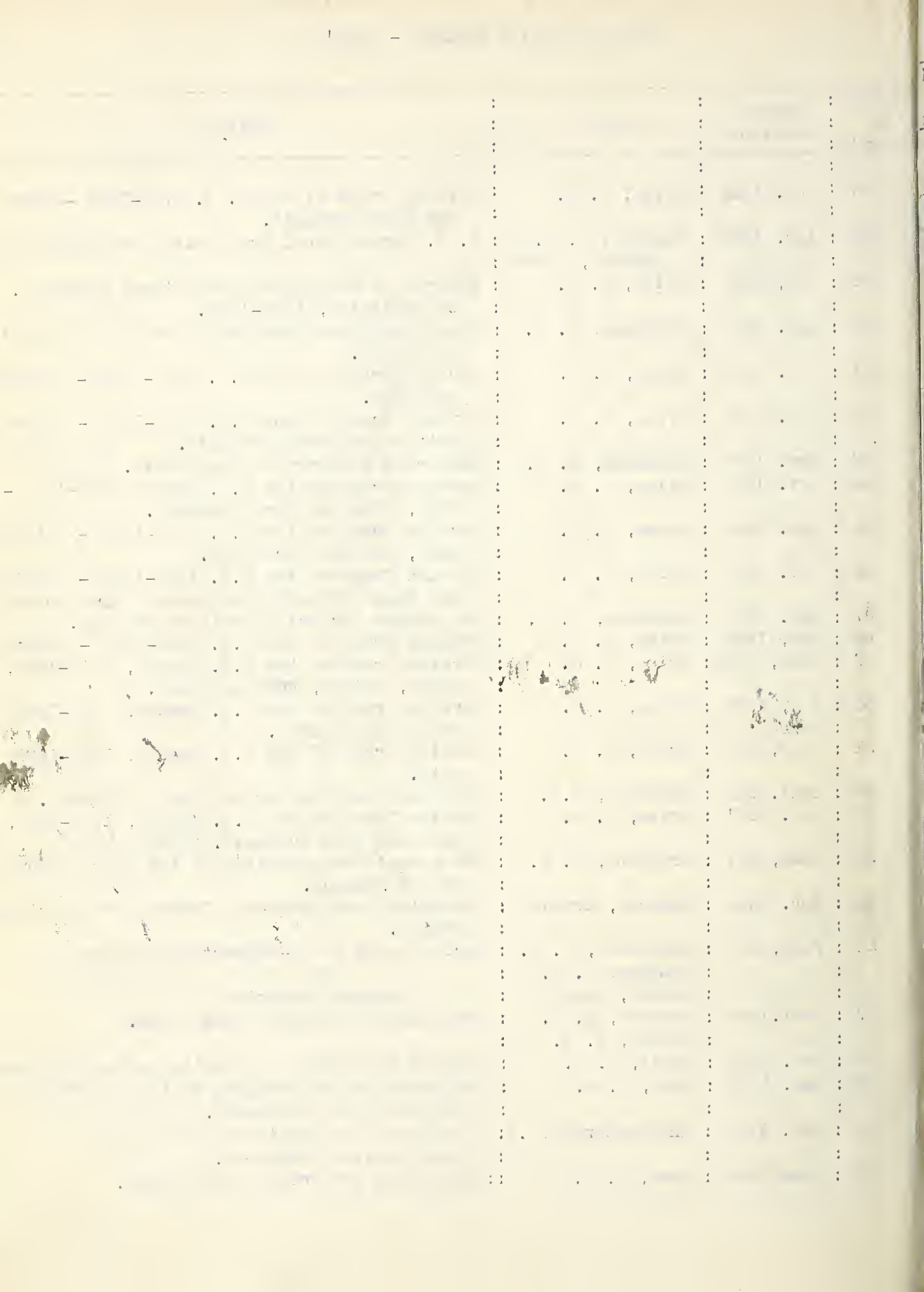
: 3/ Revised November, 1924

: 4/ Revised October, 1929 (Part 2)



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51	July, 1930	Gries, C. G.	Foreign Trade of the U.S. Annual, 1790-1929, Nuts.
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